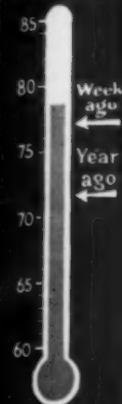


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BUSINESS WEEK

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Harris & Ewing

PREPARING - For war in Europe, for peace in Buenos Aires. And
that happens in B. A. bears directly on the issues in Europe.

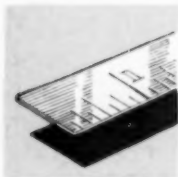
McGRAW-HILL
PUBLISHING
COMPANY, INC.

20 CENTS

Blazing new trails to profits with REPUBLIC

ENDURO STAINLESS STEEL

Licensed under Chemical Foundation Patents Nos. 1316817 and 1339378.



A GOOD RULE TO FOLLOW —USE ENDURO

Craftsmen, engineers and others who have used rules made of ENDURO Stainless Steel with markings etched into the metal are loud in their praise. This rust-proof metal is also being used for many types of tools and instruments in which permanence of finish is desired.



WIPE AWAY UNCERTAINTIES WITH ENDURO STAINLESS STEEL

Many manufacturers of windshield wiper blades for automobiles are clearing the way to better sales and profits with attractive, rust-proof ENDURO. Weather has no effect upon it. You can wipe away design problems in your product, too, with ENDURO.

**IF YOU ARE BUILDING
OR WILL BUILD TRAILERS —**
America is taking to the open road — in trailers — and wise trailer manufacturers preparing for next year's business are adding distinction and appeal to their product with shining ENDURO Stainless Steel used for sinks, refrigerators, trim and elsewhere.



THAT MR. AND MRS. TRAVELER MAY ENJOY FINE FOOD

The next time you order a juicy steak in the diner of a modern train, enjoy its fine flavor with the knowledge that it probably was prepared in shining, sanitary, stainless ENDURO equipment. Many of the new trains are completely ENDURO-equipped.



STARCH MAKING IS NOT A STIFF PROBLEM FOR ENDURO STAINLESS STEEL

Because it is immune to corrosion from the materials used in the manufacture of starch and because it is easy to clean, ENDURO is being used for large starch processing kettles and the scraper agitators used inside the kettles.



USE ENDURO STAINLESS STEEL FOR THE SMALL PARTS, TOO

Often times a very small amount of ENDURO correctly applied will solve a most trying corrosion problem — just as it did when used for the valve nozzle in a liquid soap dispenser. ENDURO can be machined or fabricated without difficulty to most any desired form.

**CLEAN AND RUST-PROOF
TO A HIGH DEGREE**
When a prominent manufacturer of glass fruit jars found rust or brownish stains on the jars as they came from the annealing furnace, he installed conveyor rollers of corrosion- and heat-resisting ENDURO and thus eliminated all difficulty.



BATHS MEAN CLEANLINESS — SO DOES ENDURO

Because ENDURO is clean and sanitary, it is the logical material for bathrooms of all types. It is being used for shower cabinet linings on boats with highly satisfactory results. It is being installed for panels and fixtures in residence bathrooms, too.



For beauty, sanitation, corrosion-resistance or heat-resistance—with high strength and long life—no matter what you make—consider ENDURO Stainless Steel, trail blazer to better products and bigger profits. Write for full information.

Republic Steel CORPORATION



GENERAL OFFICES... CLEVELAND, OHIO
ALLOY STEEL DIVISION... MASSILLON, OHIO

When writing Republic Steel Corporation for further information, please address Department BW

BUSINESS WEEK

DECEMBER

SOUND-PROOFED LIKE A BROADCASTING STUDIO

NEW PLYMOUTH

IS COMPLETELY INSULATED—Steel Roof, Sides, Doors and Floor—to keep OUTSIDE Noises OUT! Body Cushioned on Rubber—Safety Interior—Biggest Plymouth Yet!



HOW PLYMOUTH DID IT

Engineers carefully tracked down all kinds of motoring noise that drum in your ears... wear your nerves.

Developed five kinds of insulating material... that absorb, shut out or deflect all kinds of noises.

They "sound-proofed" the steel roof, walls, floor and doors of the new Plymouth.

Noise is now shut out or absorbed at every point... just like it's done in a modern radio broadcasting studio.

HEAR A WATCH TICK... noise shut out or absorbed by new, scientific sound-proofing, like a broadcasting studio!

STEEL FOR SAFETY... this Plymouth body is all steel... roof, sides, doors and floor.



EASY TO BUY—Plymouth is priced right down with the lowest... and offers convenient payment terms. The Commercial Credit Company offers... through Chrysler, DeSoto and Dodge dealers—terms as low as \$25 a month.

New 1937 Plymouth De Luxe 4-Door Sedan, \$670 list.*

EVERY PART of the new Plymouth body is *sound-proofed*... five kinds of insulation stifle noise! Huge AIRPLANE-TYPE shock-absorbers level out all bumps. The body is pillowed on live rubber.

Also: double-action hydraulic brakes... all-steel body... finger-tip steering... Hypoid rear axle—formerly used only in costly cars... the sensational new SAFETY INTERIOR... Floating Power engine mountings.

See this BIGGER Plymouth... today's most economical full-size car... at Chrysler, De Soto or Dodge dealers. PLYMOUTH DIVISION OF CHRYSLER CORPORATION.

PRICED WITH THE LOWEST!

\$510

And Up! All Prices List at Factory, Detroit. Special Equipment Extra.



The Best Buy of All Three!

PLYMOUTH

IF YOU worked on Your Own Production Line



—you'd be the first to see how Portable Electric Tools would make your job easier and make money for the boss

Perhaps the most expensive ingredient which goes into your products is man power. One of the least expensive is electric power. Which explains why modern Portable Electric Tools frequently effect amazing economies. Portable Electric Tools shift actual labor from expensive man power to inexpensive electric power—multiplying the worker's output, improving the quality of his work, reducing fatigue, and enabling him to work at top efficiency throughout the day.

For example, on the job shown above (snagging a casting) a Black & Decker Portable Electric Grinder does the work at least ten times as fast as it can be done with a hand rasp. And turns out a better finished product with much less man power and energy expended.

Over the past several years, while industry's equipment purchases were few, many important improvements and new uses have been developed in Black & Decker Electric Tools—so many that few plants are taking advantage of all the production and maintenance economies which Electric Tools now place within their reach.

HOW CAN MODERN ELECTRIC TOOLS SERVE YOU?

It's easy to find out definitely. Write for a Black & Decker catalog and hand it to your plant superintendent. Have him check over the operations in your plant which might be handled quicker, better, at lower cost, with Portable Electric Tools. Then have your jobber demonstrate Black & Decker Tools right on those operations—so you will have accurate time comparisons to show you which tools to buy. For catalog address: The Black & Decker Mfg. Co., 745 Pennsylvania Ave., Towson, Maryland.

BLACK & DECKER

World's Largest Manufacturer of
PORTABLE ELECTRIC TOOLS

New Business

"It's MUCH easier to SELL Cincinnati than to spell it!" proclaims the current advertising of radio station WKRC, Cincinnati. No argument there, but it's a noble slogan.

ACCORDING to the U. S. Bureau of Mines, recycled purchased scrap furnishes 30%, home plant scrap 30%, and virgin metal only 40% of the total metal used in the iron and steel industry. Secondary supplies of tin care for 15,000 of 70,000 long tons of annual demand. And it used to be called junk. Similar studies in copper, lead, and zinc are proposed, and much needed.

ARE you afraid of government ownership of the railroads? If not, Harry A. Wheeler, chairman of the Transportation Conference, gives four reasons why you ought to be. They are: (1) Potential bills in Congress; (2) Interstate Commerce Commissioner Eastman's attitude; (3) labor may come out for it; (4) make-work bills may force it.

ON THE sound theory that an educational job offers the best kind of support to a selling job, A. M. Byers Co. of Pittsburgh has called upon its experts, James Aston, consulting metallurgist, and Edward B. Story, chief metallurgist, to put on paper the salient facts of what they and their company know about wrought iron. The well-illustrated 59-page book should be of wide value to architects and engineers.

THE ensemble idea carries right over into the kitchen housewares and bathroom equipment fields. As a result of plans now being laid by the Merchandising Division of the National Retail Dry Goods Association the housewife will soon be able to buy shower curtains for the bath and oilcloth for the kitchen all in standard shades. Plumbing supply manufacturers adopted standard colors five years ago. Now producers of kitchen housewares tie in.

SEEIN's 'believein', but smellin's more convincin'. So Kunkler Drug Co. called aromatic attention to National Pharmacy Week by placing iodine crystals in its window display. There the sun's rays found them, volatilized them, and made the customers pharmacy-conscious through authentic drug store aroma.

RAPID communication is proving a boon to growers of specialty agricultural products remote from their markets who face the problem of disposing of output in the shortest possible time. Here's what it is doing, for instance, for Cali-

fornia's walnut industry: an inquiry for samples is received from a broker on the eastern seaboard with a large order in prospect. A two-pound sample is rushed eastward by air express, arrives overnight, is delivered by telegraph messenger. The sale is made, reported to the Pacific Coast by wire, car loading begins, and the order is on its way to the purchaser within thirty-six hours.

THIS picture of the railroad under the Christmas tree looked like a natural for illustrating the Christmas advertise-



ment of the Association of American Railroads. (Headline: "Fascination That's Never Outgrown"). The advertisement looked like a natural to Lionel and American Flyer. Result—it's being distributed among 20,000 jobbers and dealers in toy trains, included in a quarter of a million cartons to be opened on Christmas morning.

ON THE required reading list of any executive who wants to know where his money goes is the Treasury Department's study "Collections for Selected State-Imposed Taxes, 1930-1936." Released this week, the pudgy volume—replete with diagrams, tables and figures—indicates how federal and state taxation overlap. In 1935, for instance, state governments scooped \$1,655,000,000 from sources also tapped by the Internal Revenue Bureau.

THE American tung oil industry takes another step forward with plans for a processing plant which will be sponsored by the Cairo, Ga., Chamber of Commerce. The oil is a valuable ingredient in varnishes and has been imported principally from China. Recently in some sections of this country cultivation of trees bearing the nut from which the oil is extracted has attracted much attention. American oil is superior in quality but uncertain in quantity.

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Washington Bulletin

WASHINGTON—(Business Week Bureau)—Peace in the Eastern Hemisphere, more trade in the Western, are real objects of the President's South American effort. Roosevelt has two arrows in his quiver for peace in Europe. One was his demonstration in Buenos Aires address of what can be done. The second, still concealed, is that he just might decide to go to Europe and sit down with the heads of the very states that make Europe a powder magazine over which Spanish sparks are flying.

For Navy and Trade

Editorial interpretations of the degree of pressure that Roosevelt will exert on Europe vary, but nothing could be more realistic than his policy as so far revealed. On the one hand, the United States Navy to defend the solidarity of American nations from aggression. On the other, stimulation of intra-American trade as an example to Europe of prosperity that follows the ways of peace.

Neutrality Issue Deferred

It is significant, however, that the President did not seek to bind the "family" of American nations to a close alliance involving specific commitments as, for example, a trade-sterilizing neutrality policy in the event of war in Europe. This would have been to risk a schism over a problem that still confronts him at home. The trend of events raises the question of neutrality to first rank.

What Congress Will Do

A roundup of legislation that is sure of enactment now includes: extension of reciprocal tariff act, extension of the loan powers of the Reconstruction Finance Corp., continuation of President's power to devalue the dollar, tighter Walsh-Healey government contracts act, federal aid for low-cost housing, crop insurance, farm tenants' assistance, extension of Connally "hot oil" act, extension of government guarantee of defaulted mortgages insured by Federal Housing Administration.

The "likely" includes new food and drug law, anti-basing-point bill or similar legislation, Guffey coal bill.

Possible: easing of surplus earnings tax on debt-ridden concerns, modification of capital gains tax, federal licensing of corporations, new war-debt settlement basis, further regulation of rail holding companies, minor amendment of Social Security Act.

No legislation: revival of NRA in old form, 30-hour week. The direction of labor legislation will be determined by Supreme Court's decision on nation's labor relations act. If adverse, may force constitutional amendment.

FLOOD CONTROL

Flood control will be the major feature of the next public works program. The War Department will have a big construction schedule ready to submit when Congress convenes. Plans for executing projects authorized but not appropriated for in this year's omnibus bill are piling in from the field and the response of local interests in dedicating the necessary lands is greater than expected by Army engineers.

Prophet Lewis Says No

Interesting straw in NRA winds: Sen. J. Hamilton Lewis predicts no constitutional amendment will be submitted to the states by next Congress. It just happens that Sen. Lewis has not made a sour prediction in all his Washington career (and it's been a long one; he was here in 1898, when he voted for the Spanish war in the House of Representatives). He has been uncanny in prophecy as in politics. Consider his record. Born in Virginia, raised in Georgia, elected to the house from Washington state, served three terms in the Senate as a Democrat from normally Republican state of Illinois.

Berry Expects a Crowd

Busy drumming up trade for his meeting on Dec. 10-11, Maj. Berry is still evasive concerning President Roosevelt's endorsement. The President, he maintains, is intimately familiar with the meeting, and otherwise it would not be held. Nettled by reports that it will be boycotted by several big trade associations, Berry is banking on individual representation to show a substantial majority of industry.

Roper Muffs One

Washington thinks cautious Sec. Roper is muffing his chance to put his business advisory council over big. Even if Roosevelt's request that it

consider means of stimulating reemployment, low-cost housing and improvement of wages and working conditions was a mere gesture, it gave Roper's group a strategic advantage over Berry's show and a chance to register the sentiment of business with the President before he drafts his new program. But Berry's meeting, the opening of Congress and the President's inaugural will be history before Roper's council reports Jan. 28. Meanwhile, Uncle Dan's department is paying Berry's office rent.

Debt Oratory Due

Rumbling on Capitol Hill forecasts plenty of oratory when and if new war debt agreements are submitted. Reduction of French payment from 90 million dollars annually—under Coolidge agreement—to 28 millions is a bit thick, legislators opine. Especially as 90 million was actually only fair payment on money loaned France after armistice. And especially as every orator in Congress knows France would not be talking to Ambassador Bullitt about settlement were it not for Hiram Johnson act, which forbids loans to any country in default. License to sell bonds to American investors to finance European war needs is worth more, most legislators think.

Talking Out of Turn

Same attacks are slated for British and Italian offers, if and when made. Meanwhile, State Department is no little annoyed with Ambassador Bullitt, whom it suspects of the old political game of advertising himself by telling reporters the news. Which was all right in Philadelphia, and maybe even in Moscow, but is rather frowned upon in the better diplomatic circles.

A Laugh at Last

Vigorous support of Vice-president Garner for his fellow Texan Sam Rayburn, against John J. O'Connor, of New York, for Democratic floor leader in the House must bring a chuckle to Father Coughlin. O'Connor threatened to kick the priest from the Capitol to the White House. Coughlin promised to defeat O'Connor, overlooking the impossibility of electing a Republican in O'Connor's Manhattan district, but now comes the Vice-president, whose election Coughlin fought, to battle against their common enemy.

Chicago Fights Seaway

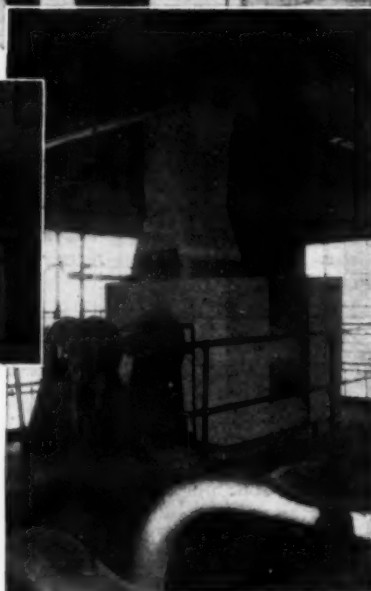
Chicago's drainage canal may again defeat President Roosevelt's hope of more government waterpower from St. Lawrence Seaway, also Midwest's desire for cheaper transportation to

TITANIUM PIGMENT *Another..* CLARAGE *Installation*

Edgemoor Boilers, Laclede Stokers and Clarage Forced and Induced Draft Fans are used in this Power Plant of Titanium Pigment Company, St. Louis, Missouri.



(Above) One of two Clarage Type FD Forced Draft Blowers, each delivering maximum of 21,000 c.f.m. Both blowers equipped with Clarage Vortex Control.
(At right) One of two Clarage No. 8 Type RT Induced Draft Fans handling 89,000 c.f.m. exhaust gases at 550° F.



Modern MECHANICAL DRAFT EQUIPMENT

There is no substitute for experience and continual product improvement.

For almost a quarter century, we have worked hand in hand with leading power plant engineers, with leading boiler and stoker manufacturers—developing mechanical draft equipment to meet every service condition.

Designed by specialists, built by experts, Clarage Mechanical Draft Fans give you the highly-efficient, absolutely dependable air control so vital to the production of power with utmost economy.

For instance, the forced draft blow-

ers installed in this Titanium Pigment plant are equipped with VORTEX CONTROL (patented Clarage feature) which provides ANY desired volume regulation, the fan operating at constant speed. You save substantially in motor and control costs, then in operating cost.

Ask any power plant authority for an unbiased opinion on Clarage design and construction. Or write us for any desired information.

SPECIFY CLARAGE

for
COMPLETE
AIR CONDITIONING
VENTILATION
HEATING
COOLING
MECHANICAL DRAFT
FANS & BLOWERS FOR
INDUSTRIAL NEEDS

CLARAGE FAN COMPANY • Kalamazoo, Mich.
SALES ENGINEERING OFFICES IN ALL PRINCIPAL CITIES

Europe. Incidentally, Chicago cares more about drainage than about any aspiration to bring ocean steamships to her piers.

A Threat Fulfilled

Federal Trade Commission's threat that its complaint charging misrepresentation to Studebaker—C.I.T. credit plan was "only the first" materialized this week in similar charges against most of the principal car manufacturers and financing companies. The commission alleges that advertising a 6% time-payment plan is misleading when the true interest rate is about 12%.

Back to Battleships

Two new battleships, to cost around 50 million dollars each, will be laid down by Uncle Sam next year unless totally unexpected developments intervene. Britain's new program will also include two major ships, delighting the admirals who never believed aircraft and submarines really made the dreadnaught obsolete. Thus annoying both pacifists and followers of the late Gen. Billy Mitchell. It has been nearly twenty years since the keel of Uncle Sam's last "Skeered of Nothing", as John Sharp Williams wanted it named, was laid. But from now on it may be two new ones each year, the 1918 formula.

Housing on the Program

Peter Grimm, the Administration's housing expert, who retired last spring after a vain attempt to obtain agreement upon a rational housing program, is back in the picture again, this time as a member of the housing committee of Roper's business advisory council. Another tussle with the low-cost housing problem is Roosevelt's only definite commitment since re-election, if his more-or-less general declaration for labor's uplift is expected.

Air Mail Troubles

Air mail revenues increased by 3 million dollars over 1935 but the deficit went over that figure. In despair of meeting congressional mandate to bring costs down to anticipated revenue by July 1, 1938, some officials think rule should be withdrawn, that neither increased postage rate nor curtailment of service would be popular. Others favor reducing rate from 6c to 5c in belief that increased volume would help to narrow spread between costs and receipts. Chances are, however, that 5c experiment will not be tried in near future as simple convenience of using two 3c stamps seems to sell the service.

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ships

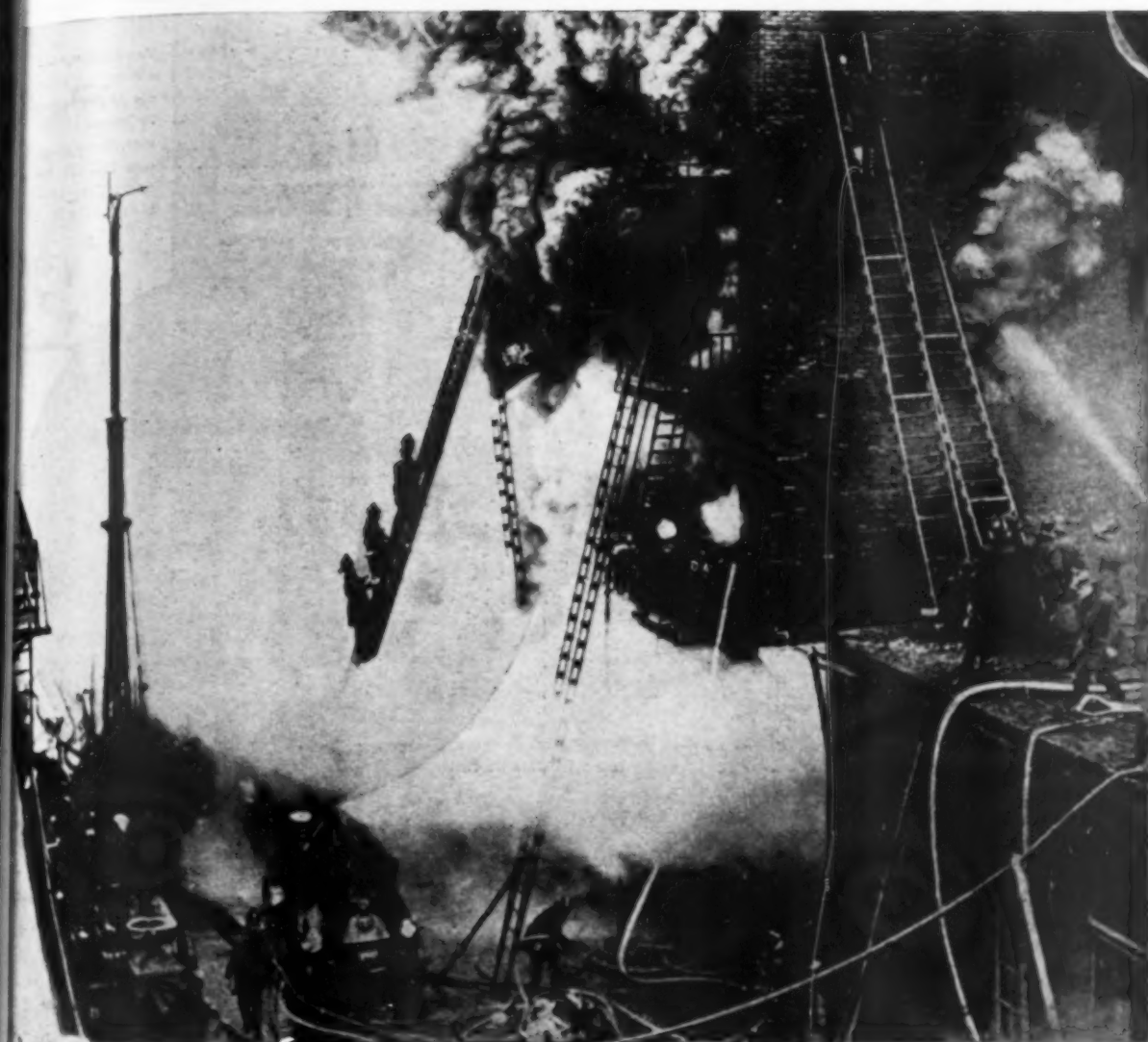
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WATER—OR SUDDEN DEATH

A typical example of Goodrich improvement in rubber

WHEN the four-alarm sirens scream, lives and millions depend on split-second action.

Count on the engines to be there in a flash. But in lugging heavy hose from hydrant to fire, and up into the burning building, vital time is lost.

Every hose manufacturer has tried to cut that time by making hose lighter, easier to handle—but the only way they could do it was to use less rubber or cotton jacket, and the result was such a loss in burst strength that the hose was not safe, or impractical because it weakened too soon.

Then Goodrich engineers went to

work on the problem—the same engineers who doubled belt life with the raw-edge belt and Plylock Splice—who speeded construction with air hose that doesn't clog tools—who found how to attach rubber to steel and make modern acid handling possible—these engineers who have developed a thousand improvements for industry now set to work on fire hose.

First they invented a new kind of cotton cord of greater strength. They found a new rubber compound which in thinner gauge is as sturdy as previous rubber of greater thickness. Then they developed a method of weaving the cot-

ton jacket, using more but smaller strands and twisting them the way ship cables are spun so that each strand carries its equal share of pressure.

The result is Highflex Fire Hose—a hose equal in burst strength—equal in every way—to other hose, yet 18% lighter and easier to handle... a long step forward in the battle for life and property... another plus value for industry, added by Goodrich research. The B. F. Goodrich Co., Mechanical Rubber Goods Division, Akron, Ohio.

Goodrich
ALL products problems IN RUBBER



Van Raalte gloves and negligees pour out of this factory in increasing volume. Crane valves and fittings are part of the production equipment.

NEW INDUSTRIAL ERAS

Depend on Factors Like

Crane Quality

● Great industrial achievements have their roots in firm soil. They come into being not only because the world needs and demands them, but also because they are shaped and conditioned by technical factors proved sound and dependable in years past.

Crane valves, fittings, fabricated piping and plumbing materials have figured prominently in bygone eras of industrial advance. Their high quality assured them a distinguished place in every phase of industry and building construction.

Today, industry and building construction are laying the groundwork for another era of progress and achievement. Their demand for Crane materials—hitting a faster and faster pace as day follows day, indicates that Crane quality remains a firm standard around which permanent industrial development may be built.

There are Crane branches and distributors in every industrial center where piping and plumbing equipment may be quickly obtained for every industrial and building construction requirement.

CRANE

CRANE CO., GENERAL OFFICES: 836 S. MICHIGAN AVE.,
CHICAGO, ILL. • NEW YORK: 23 W. 44TH STREET

Branches and Sales Offices in One Hundred and Sixty Cities
VALVES, FITTINGS, FABRICATED PIPE, PUMPS, HEATING AND
PLUMBING MATERIAL



Six 36-inch Crane motor operated gate valves control the water supply of this new 300,000,000 gal. per day Chicago (Cermak) Pumping Station—built to meet increasing requirements.



Large quantities of Crane valves and fittings are used in this busy Bradford, Pa., plant of the Kendall Refining Company.



Crane valves and fittings help equip the Northern Indiana Public Service Company for increasing power production.



The Mead Corporation, Chillicothe, Ohio, uses Crane valves and fittings in the manufacture of paper to fill an accelerated demand.

BUSINESS WEEK'S INDEX OF BUSINESS ACTIVITY



	Latest Week	Preceding Week	Month Ago	Year Ago	Average 1931-35
BUSINESS WEEK INDEX	*78.4	†77.1	75.1	71.5	62.1
PRODUCTION					
* Steel Ingot Operation (% of capacity)	75.9	74.3	74.7	56.4	31.0
* Building Contracts (F. W. Dodge, daily average in thousands, 4-wk. basis)	\$8,645	\$8,584	\$8,764	\$7,649	\$6,175
* Bituminous Coal (daily average, 1,000 tons)	*1,667	1,756	1,621	1,371	1,268
* Electric Power (million kw.-hr.)	2,134	2,196	2,176	1,877	1,649
TRADE					
Total Carloadings (daily average, 1,000 cars)	132	131	136	108	101
* Miscellaneous and L.C.L. Carloadings (daily average, 1,000 cars)	82	82	85	70	65
* Check payments (outside N. Y. City, millions)	\$4,740	\$5,391	\$4,336	\$4,029	\$3,282
* Money in Circulation (Wednesday series, millions)	\$6,429	\$6,375	\$6,302	\$5,820	\$5,568
PRICES (Average for the Week)					
Wheat (No. 2, hard winter, Kansas City, bu.)	\$1.23	\$1.23	\$1.20	\$1.13	\$.79
Cotton (middling, New York, lb.)	12.45¢	12.19¢	12.12¢	12.23¢	9.41¢
Iron and Steel (Steel composite, ton)	\$34.79	\$34.50	\$34.62	\$33.28	\$30.92
Copper (electrolytic, Connecticut Valley basis, lb.)	10.500¢	10.500¢	10.000¢	9.250¢	7.620¢
All Commodities (Fisher's Index, 1926 = 100)	86.0	86.1	84.5	84.5	72.7
FINANCE					
Total Federal Reserve Credit Outstanding (Wednesday series, millions)	\$2,457	\$2,464	\$2,462	\$2,472	\$2,333
Total Loans and Investments, Fed. Res. rep't'g member banks (millions)	\$22,401	\$22,442	\$22,517	\$20,632	\$19,405
* Commercial Loans, Federal Reserve reporting member banks (millions)	\$5,580	\$5,599	\$5,542	\$5,044	\$5,815
Security Loans, Federal Reserve reporting member banks (millions)	\$3,199	\$3,153	\$3,179	\$3,108	\$4,013
Brokers' Loans, Federal Reserve reporting member banks (millions)	\$1,180	\$1,124	\$1,153	\$1,023	\$832
Stock Prices (average 100 stocks, <i>Herald-Tribune</i>)	\$126.15	\$125.59	\$125.62	\$111.55	\$97.59
Bond Prices (Dow, Jones, average 40 bonds)	\$105.66	\$105.43	\$105.12	\$97.61	\$86.29
Interest Rates—Call Loans (daily av'ge, renewal) N. Y. Stock Exchange	1%	1%	1%	3%	1.2%
Interest Rates—Prime Commercial Paper (4-6 months) N. Y. City	3%	3%	3%	3%	1.7%
Business Failures (Dun and Bradstreet, number)	129	143	140	229	337

* Factor in Business Week Index *Preliminary †Revised.

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Burroughs

SHORT-CUT KEYBOARD

40 FEWER OPERATIONS
in listing and adding these
10 amounts . . .



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The 10 amounts on this tape were listed and added with only 11 simple operations through the use of the Burroughs short-cut method of listing on Burroughs Short-Cut Keyboard.

Had these 10 amounts been listed by depressing each key and the motor bar separately—and had there been a cipher key to depress—it would have required 51 operations instead of 11.

This saving of 40 operations is possible because on the Burroughs Short-Cut Keyboard two or more keys, together with the motor bar, can be depressed simultaneously; and because there are no operations wasted depressing a cipher key. Ciphers print automatically.

If you are not now taking full advantage of short-cut figuring, get in touch with the local Burroughs representative. He can show you how to save thousands of needless motions in the course of a day's figuring work. Or send for complete descriptive literature and instructions on the Burroughs short-cut method.

Business has been quick to realize that short-cut figuring naturally takes less time—less effort—and offers fewer chances for errors. The result is sustained speed, more accurate work and substantially reduced figuring costs.

Your local Burroughs representative can show you in your own office, on your own work, what these savings can actually mean to you. Telephone the local Burroughs office, or write direct for free, illustrated booklet describing the short-cut method and modern Burroughs Adding-Subtracting Machines.

BURROUGHS ADDING MACHINE COMPANY, DETROIT, MICH.

ADDING, ACCOUNTING, BILLING AND CALCULATING MACHINES
CASH REGISTERS • TYPEWRITERS • POSTURE CHAIRS • SUPPLIES

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The Business Outlook

LABOR troubles loomed a little more to the front this week, contributing even to the unsettlement of the stock market. Not only does the shipping strike continue to hamper business on the West Coast, but the motor industry, "Pacemaker of American Industry," has been having similar troubles. Strikes in plants of important parts suppliers have forced shutdowns in some departments of Chrysler and in the Atlanta assembly plant of Chevrolet. Demands for wage increases are part of the problem involved in these controversies, but the crux is union recognition. Industry has gone a long way in recent weeks toward forestalling difficulties arising out of the first grievance, but American Federation of Labor reports this week indicate that the present batch of wage increases are not nearly sufficient to satisfy labor's quest for an annual family income for \$3,682 a year—\$1.77 an hour per 40-hour week.

New High for the Index

Outside of this sphere, business news is more cheerful. *Business Week's* index has climbed to a new high in the recovery movement. Dividends last month reached the huge total of \$883,203,332, and a good start has already been made on December disbursements. Construction contracts last week hit the second highest volume of the year, with private awards reaching the best totals in over four years.

Snappy Retail Business

Retail trade is brisk, with the Christmas buying spree now in full swing. Many sections of the country, particularly in the South, expect to exceed 1929 sales. Department-store trade as a whole has little chance of doing so, but mail-order houses are sure to equal or surpass 1929 records. Variety stores should at least equal their 1930 Christmas volume, and with any last-minute spurt, might equal 1929.

Good Steel Backlog

Steel mills are stepping up operations to take care of the business that piled in following the price increases announced for Dec. 1. Because more business was accepted than can be completed by Dec. 31, a good backlog is likely to be pushed over into January. Additional price increases have been posted this week for products not included in the first announcement.

HIGHEST ON RECORD

Spurred on by the tax on undistributed earnings, corporations poured out \$883,203,332 in dividends last month, setting a new alltime high for any month on record and a gain of 120 per cent over a year ago. In 11 months, dividend disbursements have topped \$3,600,000,000, a 40 per cent increase over comparable months of 1935. Extras declared this year beat all other types of dividend actions—numbering 1,209. Next in importance are back dividends with 859 actions.

Railroads Go to Markets

But the outstanding feature of the week in steel centers, according to *Iron Age*, was the influx of railroad business. About 650,000 tons of rail orders were received, 150,000 tons of track accessory orders, 153 locomotives, and 4,100 freight cars. Bulk of this business will be held over for first-quarter rolling, which when added to the usual spring buying of motor, car, and other consumers, insures a fair operating rate over that period.

Machine Tools Next

Machine-tool builders expect to see the railroads resume buying of their wares next year after the most urgent car-equipment buying gets out of the way. Five years' absence from the market should have created quite a backlog of potential business. Increasing traffic this year is putting the roads in the black for the first time since 1931, providing the wherewithal to permit the railroads to resume their former position as big industrial buyers.

More Private Building

Construction volume is narrowing its margin over last year compared with former months this year, but this merely reflects the drive a year ago to get Public Works Administration contracts under the deadline by Dec. 15, which gave November and December, 1935, volume an unusual

boost. This year, construction activity is notable for the declining importance of public undertakings and the increasing importance of private undertakings. November, for example, ran only 5 per cent ahead of a year ago, but private projects were 145 per cent ahead of last year; public contracts, 21 per cent lower.

Factories Going Up

There is no indication, moreover, of any letdown in industrial building. November marked the highest volume of factory construction since May, 1930. Early December contracts are running equally strong. A \$750,000 rayon plant appeared last week, intended to relieve pressure on output in that industry which has been a growing problem this year. Republic Steel contracted for a \$15,000,000 strip mill; Inland placed an order for construction of a \$2,500,000 blast furnace.

Farmers Ride High

Farm income probably hit the year's high point in October when returns from sale of farm products netted \$886,000,000 and benefits added another \$22,000,000. A year ago, farm products brought in \$802,000,000; benefits \$60,000,000. The year is still expected to yield a cash income of \$7,800,000,000 of which benefits will account for \$300,000,000. Last year, cash income reached \$6,932,000,000, of which \$583,000,000 was governmental payments.

Boom in Stokers

Mechanical coal stokers sold in October reached a new alltime high with 18,319 stoker sales of all types. The phenomenal rise in the sale of stokers this year has already meant an 82 per cent increase over the same months of 1935. Washing machine and refrigerator sales declined in October, the latter more sharply than usual. But a heavy buying rush for Christmas gives a boost to both these items and will bring the year to a record close.

Mining Coal With Machines

Mechanization of the coal industry has grown especially rapidly during the depression years. In 1935, tonnage mechanically loaded set a new record. In bituminous fields, the index of mechanical loading in 1935 stood at 286, compared with 1927 as 100. Hand loading declined to 62 per cent of the base year. In anthracite mines, the growth of mechanization has been even more rapid, rising to 417 per cent of 1927, with a corresponding rapid decline in hand loading to 48 per cent of the base year.

50 Per Cent Annual Return On a \$17,400 Investment

THE output of a well-known mine in Eastern Kentucky increased to the point where its haulage locomotives were subjected to overloads beyond the capacity of the driving motors. Consequently, interruptions were frequent, output was limited, and maintenance expenses were high.

In an effort to improve conditions, the advice of a General Electric sales engineer was requested.

He suggested increasing the motor capacity by installing blowers to cool the motors, thus avoiding a large investment in new locomotives. Blowers were installed at a cost of \$17,400, resulting in increased production and a saving in maintenance of \$9500 annually—an amount sufficient to pay for the equipment in less than two years.

Perhaps you, too, have problems which can be solved electrically. A competent sales engineer in the nearest G-E sales office will be glad to co-operate with you or with your consulting engineers in obtaining profitable solutions of your problems. Call the nearest G-E sales office or write to General Electric, Schenectady, N. Y.

Dependability is difficult to include in specifications, but easy to get if you specify General Electric equipment.

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DECEMBER 5, 1936

"B.A."—On The Way to Europe

Washington now expects President to use unique bargaining power of United States to bring Europe into peace program launched at Buenos Aires.

PRESIDENT ROOSEVELT made at Buenos Aires this week what Washington leaders privately believe is the first move in an aggressive peace program which ultimately will include Europe.

There is even a persistent rumor that the President will go to Europe at the invitation of powers who see in him and the program he is sponsoring in the Americas a chance to avoid war.

There is no doubt that he believes the most serious problems in Europe could be solved if leaders of the opposing powers would get together and put their cards on the table. Failing in this conference method, he is expected to use all of the economic pressure at his disposal to keep the peace.

If the Americas agree to consult not only regarding threatened troubles in this hemisphere, but on a state of war abroad, a common front might be built.

If then, a strict, and more or less uniform neutrality program could be passed by each of the 21 federal legislatures, the rest of the world would be cut off from one of the richest raw materials and credit areas not immediately involved in the conflicts brewing in Europe and Asia.

Our Neutrality Law Mild

The United States has a mild neutrality law now. It is bound to come up for extension early next year. Efforts will be made to give it more teeth by including a group of "essential" raw materials in the embargo list, but it is doubtful if they will succeed.

Latin America is an important producer of many of the raw materials which the aggressive neutrality protagonists want to include—oil, cotton, wheat, meat, corn, copper, tin, and manganese. It is another problem to build up a uniform neutrality embargo, and enforce it.

The United States has many of these products but is much more important to possible belligerents as a source of credits and mechanical fighting equipment. The credit market is pretty well frozen by the Johnson Act, which refuses new loans to governments in default to the United States on old obligations. This includes all of the important potential belligerents in Europe. Shipments of planes and munitions to

war-makers are banned by the present limited neutrality law.

In extending his program from Buenos Aires to Europe, the President has three trump cards which he is preparing to play shrewdly.

(1) He will move aggressively to extend the monetary accord signed first with Britain and France, and to which Switzerland, Belgium, and Holland have recently been added.

(2) He will cooperate in bringing about a new settlement of war debts as a prerequisite to a resumption of foreign lending for trade expansion.

(3) He will push the tariff reduction program as a means of providing new markets, especially for the "have not" nations which are the present trouble makers and the most serious obstacle to the full success of his reciprocal trade program.

Roosevelt leadership gained considerable prestige in September when the monetary accord with Britain and France was signed. This agreement eased the Paris government's problem of devaluing the franc in an overnight maneuver. Since then, it has helped to maintain the stability of the franc, and has attracted three other nations into the agreement. It is an anchor to which

other nations can cling when they need similar stabilizing support.

War debts hang like a great dark cloud over European capitals. Nearly every great nation is in default to the United States on its war debt. Only little Finland has kept up its interest payments. In this situation, the Johnson Act is a powerful weapon in Washington's hands in forcing a hearing for other parts of its program. European nations will go a long way to regain access to the American loan market.

Washington Moves

Since late summer, rumors have been recurrent that the debtors wanted to revive discussions of some settlement scheme, with a resumption of interest payments. The move was inspired from Washington.

Not since the war, says Washington, has the time been more opportune for dealing with the problem. President Roosevelt has just started a second term of office with an enormous electoral majority. His trade program and his monetary agreement have built up European confidence in American leadership. American foreign trade, steadily pulling out of the depression low, is nearly balanced, meaning that debtors have a comparatively good chance to pay their obligations by selling in this market. The reciprocal trade treaties indicate the President's intention of continuing this trend.

France and Britain have taken the leadership in Europe in pushing the



FOR BUSINESS—AND PEACE—Premier Leon Blum of France is the first leader in Europe to indicate a willingness to cooperate with Washington on plans which may ease the world war tensions by tackling fundamental economic disorders.

President's plans. They need his continued cooperation in the monetary accord. Britain will probably find its next budget in April deliberately unbalanced by huge defense expenditures, and would welcome the opportunity of borrowing in this market if the need arises.

Also, British imports have risen out of all proportion to the increase in exports, and any plan which the United States may propose to open up new markets all around will help London. Lombard Street is complaining bitterly that it handles only a little more than half the volume of world financing that it did five years ago.

Politics Key in France

French business is responding well to the devaluation stimulus, but a critical internal political situation could shrivel the boomlet like an early frost. But another united move with Britain and the United States, and fresh access to the American money market would add measurably to French prestige.

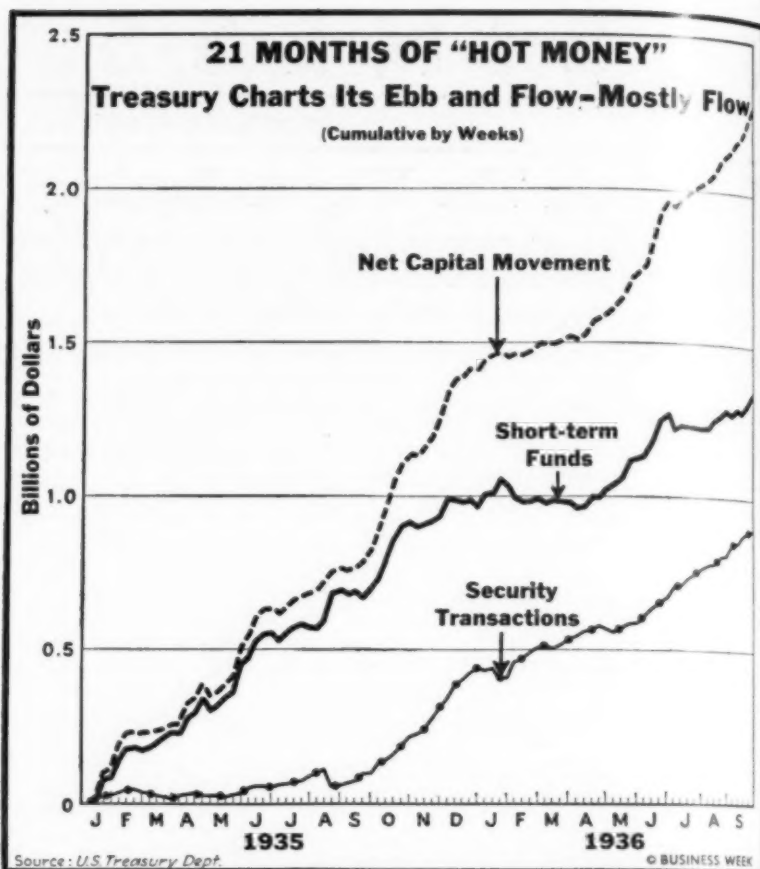
Festering sore causing most of Europe's present distress is Germany. Not until the Reich with its 66,000,000 people can be brought back into her proper place in the world trade picture will international business grow soundly. And not until some provision is made for this will Germany give up her present belligerent determination to win it by force if necessary.

This is where the Roosevelt-Hull idea of loosening the bonds of world trade comes into the picture. Washington's 15 reciprocal agreements are the biggest post-depression effort to lower trade barriers. They cover more than 37% of this country's normal foreign trade. If a pact can be negotiated next spring with Britain, our largest customer, it will bring half of our foreign trade under the liberalizing plan and possibly help the British to bring their exports out of the rut they now are in.

British Business Speaks

British officials have cooperated in preliminary discussions, but Britain lacks effective political leadership to go further. It is the respected London *Economist* which has spoken most aggressively the opinion of British business leaders, and provides the greatest encouragement for further Roosevelt efforts. Decrying the stubborn governmental attitude of "leave it to the other fellow, our tariffs are so modest they don't need lowering," the *Economist* says:

"The destructive nature of a tariff cannot be measured merely by the height of its imposts. A 1% duty placed upon imports into incomparably the largest international market in the world does much more damage to international trade than a total prohibition



HERE TODAY? GONE TOMORROW?—That's what's bothering the Treasury about the tumultuous inflow of foreign money, seeking sanctuary from European political helter-skelter. But when fear of European economic instability or political disquiet ceases, the foreign cash may be repatriated as quickly as it came. Both short-term investments and security purchases have risen. To the extent that foreigners have bought securities, it represents expatriation or sale of American industries. This movement definitely got under way in September, 1935. In a year—from September through September—foreign buying of American bonds and stocks amounted to \$850,000,000. All told, the shift of funds to the United States, beginning January, 1935, totaled \$2,281,000,000. Gold imports account for it. Hence, in effect, the United States swapped securities or short-term balances, for the yellow metal. Now, the Treasury is worried lest the owners of those balances or those securities decide to get out quick. Then, we will have to return the gold. That's "hot money."

of imports into, say, Guatemala or Albania. . . . There is no difficulty whatever in finding practical ways of giving effect to a policy of tariff reductions, if only the will is there. What is important for a first step is that it shall be taken collectively by as many nations as possible, rather than that its dimensions shall be large. . . . At Ottawa, tariffs were raised and there was no thought of most-favored nations."

Without territorial aspirations or fear of aggression, the United States is in a position to view Europe's problems with less bias than any European country. The President has the power to lower (or raise) tariffs 50% in a market which is one of the largest in the world. Our participation can make or break a currency accord. And our credit reservoir is the world's largest.

Europe has talked glibly of a freer distribution of raw materials, of an

opening up of markets, but has done nothing to change the situation. In spite of denials, practically-minded Frenchmen insist that a colonial conference with some redistribution of colonies is not only possible but inevitable. Raw material cartels are lowering their barriers. Consumer pressure may yet put an end to them.

The time is ripe than most observers realize for an aggressive move to break the deadlock in Europe. Despite the headlines, Europe has a sufficiently vivid memory of the last war to grasp eagerly at any realistic escape, and a few well-planned concessions aimed at specific evils could start action. President Roosevelt is known to believe that he is in a position to take the initiative without political commitments. His personal participation at Buenos Aires is regarded as convincing evidence that he is going ahead.

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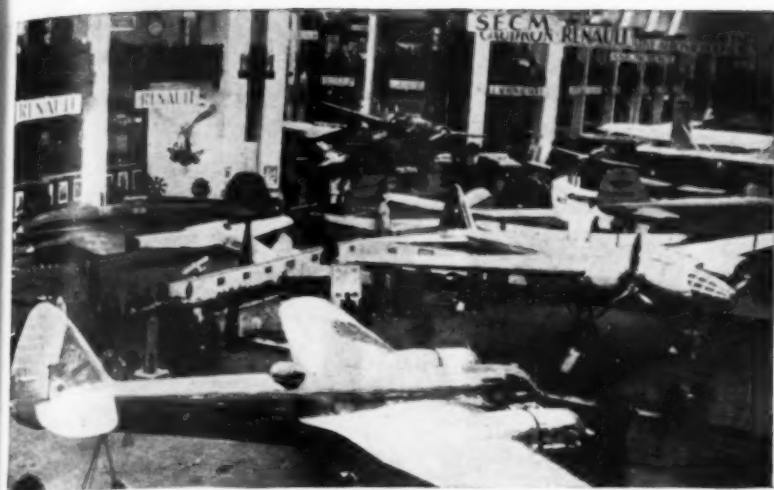
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NOT ALL FOR WAR—European statesmen may be interested in aviation for warfare, but many a citizen is air-minded for business reasons. The 1936 shows, which this year are bringing new models from many countries (including the United States) report record attendance. Above is the 15th annual aircraft show at Paris.

Urge New Kinds of Price Control

Militant independents find that victories they have gained are largely hollow, so they start drive for more state and federal laws.

The drive for price control is getting its second wind, the first spurt having fallen considerably short of the goal, legislative attainments notwithstanding.

What that goal is can be best expressed in terms of the problem. Independent retailer A sells a pound of Maxwell House Coffee for 30¢; chain B asks only 28¢; chain C, or perhaps a supermarket, uses it as a loss leader at 19¢. And retailer A, to put it mildly, is unhappy. Out of the mass unhappiness of thousands of retailers A, shared by wholesalers and jobbers, stems the great drive for price control.

Can't Dictate Policies

To the disinterested observer, it might seem that A could solve his problem by organization, by forcing a manufacturer to choose between him and the chains, by demanding the institution of sales policies which would exclude those outlets that refused to maintain prices which were at least in line with those on which retailer A could make a living.

But such tactics provide no answer to the problem. The policies they would seek to dictate are illegal. After a 13 year fight, the Armand Co. found that out last month when the Supreme Court refused to vacate a Federal Trade Commission order, requiring the company to cease practices that violated the Sherman Anti-trust act. Similarly, this week, Seminole Paper Corp. was told its price maintenance policies violated Section 5 of the Federal Trade Commission act.

Such policies as might be legally devised—consignment selling plans, for example, with or without *del credere* features—are apt to prove unwieldy and expensive (*BW*—Jun 6, 36, p42). Finally, group pressure can't force the issue. Manufacturers will dodge it if they can; and if they can't, some are going to cast their lot with chains B and C, while others will string along with A but only so far as they can play him off against the big buyers and thus lift the pressure for special price concessions.

So retailer A, even with strong organization, is powerless to dictate price control policies that will guarantee him real protection. Hence the cry, "There ought to be a law." The popularity of that demand traces directly back to NRA, for with all its shortcomings it did give retailer A his first free ride on the gravy train. The codes introduced him to the possibility of legislating price control by means of loss limitation provisions, bans on below-cost selling, required, markups, prohibitions on price discriminations.

One of the first laws which the militant independents thought there ought to be was a fair trade law for every state. Thoughtful California retailers had taken that step back in 1931—a law (1) permitting manufacturers who had domesticated within the state to sign resale price maintenance contracts with dealers and (2) requiring that all dealers observe contract prices whether or not they had signed such agreements.

It is the second aspect of this law which is at issue before the Supreme Court. When the high justices hand down their decision in the Illinois and California cases next week or shortly thereafter, they will probably follow the course set by the New York Court of Appeals and rule out this proviso as an invasion of constitutional rights.

But it's not the threat of this damage which has the independents worried, for that can be partially repaired by including in the existing dozen fair trade laws a provision making it unlawful to interfere with contractual relations (*e. g.*, by cutting prices below contract level). The trouble is much more fundamental. Retailers are not coming through as their organization leaders had promised in support of manufacturers who use the fair trade laws.

Growing a Little Sour

Manufacturers quite naturally feel a little gypped, and their attitude isn't going to be altered by the promised passage of the Tydings National Fair Trade Enabling Act which would relieve them of the necessity for incorporating separately in every fair trade state in order to avoid charges of violating the federal anti-trust laws.

There is another serious flaw in the fair trade fabric which became apparent last week with the issuance of complaints by the Federal Trade Commission against five big distillers, (Seagrams, Schenley, National Distillers, Hiram Walker, and Gooderham & Worts) and seven regional associations of liquor dealers. The distillers have tried to secure price maintenance by means of fair trade contracts; one of them, Seagrams, is responsible for the Illinois test case now before the Supreme Court. Fair trade contracts to be effective must be policed, and it was in the policing of them that FTC says the distillers transgressed Section 5 of the Trade Commission act—by "unlawful agreements" hindering competition, blacklists, etc.

Charge Foul Play by FTC

Some suspicious independents charge this unfriendly action up to professional jealousy on FTC's part, for as the policing agent of the Robinson-Patman law the commission is their elected administrator of the second important but similarly misguided part of their price control program.

The independents wrote the Robinson-Patman law on the federal statute books in the thought that if the buying advantages of chains could be curbed, the great differential in ultimate retail prices would be largely eliminated. (This, despite the fact that the FTC's chain store investigation showed that only 16.4% of the independents' higher selling price in the food field and only 8.8% in the drug field could be ac-

counted for by the greater net cost of merchandise to them).

As a price control weapon, the R-P law leaves much to be desired. Thus far, it can be credited with the elimination of some of the discounts and advertising allowances formerly available only to big buyers (page 42), but big and little trade interests alike expect that judicial construction will open up loopholes big enough to permit the legal continuance of trade practices essentially as they once were.

Two New Approaches

Hence, price control enthusiasts are striking out on two new tacks. One is in the direction of new state legislation, the other in the direction of regional and industrial codes, a la FTC's trade practice agreements (*BW*—Nov. 7 '36, p. 29).

Both approaches seek to bite off considerably less than was attempted in the fair trade and R-P laws, and both have the added merit of seeking to proceed only with the common sanction of all interests affected.

What is aimed at in the nature of state laws is legislation like California's Unfair Practices act or Connecticut's statute forbidding below-cost sales. The National Food & Grocery Conference Committee, representing virtually all elements in the grocery trade, has been working on the draft of such a model law, but it failed to complete its labors in time for the meeting this week of the Associated Grocery Manufacturers of America.

Druggists Also Lining Up

Similarly the National Association of Retail Druggists has been struggling for months with a model state law, patterned after the R-P law, but it has simultaneously been giving consideration to a state ban on loss leader selling. The ability of these groups, to translate their legislative desires into actual statutes is unquestioned. There is, incidentally, some talk that the N. A. R. D. may persuade Rep. Patman to tackle a national anti-loss leader law.

Perhaps most significant of all was the action taken last week by the National Retail Dry Goods Association's board of directors in hammering out the tentative draft of a voluntary code for the nation's 5,600 department stores. That code is far from polished yet, but as presented to the full association membership at the annual convention in New York, Jan. 18-26, it will probably follow the NRA pattern closely in setting definite standards for wages and hours and in prohibiting unfair trade practices such as misleading advertising, false or inadequate labelling and, most importantly, below-cost selling. Members will then be called on to help translate this into 48 uniform state laws.



PATENT NO. 939,431 IS TESTED—Celebrating the centennial of the American patent system, industrial and scientific leaders tested Friedrich Wilhelm Hair Tonic, Patent No. 939,431, issued in 1909, and found it quite drinkable. Enjoying the toast are Ernest G. Draper (left), Assistant Secretary of Commerce; Thomas J. Watson, Pres. International Business Machine; and Lamot DuPont (right) Delaware industrialist. (The "hair tonic" is made of water, currants, sugar, corn whiskey, and port wine.)

New Tire Sales Plan

U. S. Rubber creates distributing subsidiary to obey R-P law and satisfy customers.

UNITED STATES RUBBER PRODUCTS has worked out a new tire merchandising plan which protects its price position with big buyers, gives smaller buyers the benefit of any distribution saving they create, and apparently brings it in line with the anti-discrimination provisions of the Robinson-Patman act.

Beginning Jan. 1, U.S. Rubber will sell on a volume basis only. All dealers in the replacement field will be supplied with U.S. brands by the U.S. Tire Dealers Mutual Co., instead of by the manufacturing company (U.S. Rubber Products, Inc.) as at present. The subsidiary Mutual Co. will handle distribution in this market. It will buy from the manufacturing company at the same percentage over manufacturing costs as other accounts. No discount for volume will be allowed in manufacturing costs.

Thus the Mutual Co. will be on the same basis as the big private-brand customers, Montgomery Ward and Atlas (the latter buys tires for the Standard Oil group). Operation of 28 U.S. Tire stores will be taken over by the Mutual Co. as will inventories and distributing functions. This will include all selling, warehousing, advertising, shipping, etc. The distributing company will be financed by U.S. Rubber Products.

The Mutual Co. is designed to live up to its name. U.S. Rubber will take no profits from its distributing organization. If dealer cooperation reduces expenses to a point where a surplus re-

mains, the excess will be divided on a mutual basis among the dealers. An advisory council of dealers will aid the Mutual Co. on marketing problems.

Dealers are admonished against unfair competitive practices and price wars. These are beyond the control of the Mutual Co. but "would adversely affect possible further payments." The plan may be continued beyond 1937 subject to "changes in the laws or mutual advantage."

Mail Order Sales Under Fire

Through the new arrangement, U.S. Rubber seeks to protect at the same time its tire business with volume buyers and the good will of independents. Sales to mail-order houses have long been an irritant to independents in the tire industry. Federal Trade Commission action resulted in the withdrawal of Goodyear as a supplier of Sears-Roebuck (*BW*—Jan. 25 '36, p. 14). If U.S. Rubber has developed a device acceptable to the government, there probably will be a general scramble to copy it. The plan is especially interesting in view of complaints issued by FTC under the Robinson-Patman law against Kraft-Phenix Cheese Corp. (*BW*—Dec. 21 '36, p. 14) involving a distributing subsidiary.

Importance of volume buyers in the replacement tire business is obvious. Standard Statistics estimates replacement sales of U.S. Tire brands at 2,500,000 for 1935. This authority figures that U.S. Rubber sold almost as much in addition (2,355,000 tires) to Montgomery Ward and Atlas. This is on a basis of about 90% of Ward's requirements and 50% of Atlas. U.S. Rubber has since become sole supplier of Atlas.

Air Conditioning, 25 Years Old

Big gains are being made, with \$73,000,000 sales expected in 1936. Year-round and other uses of air conditioning are now stressed.

TUESDAY next, Dec. 8, the air conditioning industry as we know it today (and as defined by the Better Business Bureau, *BW*—Nov 30 '35, p. 23) may or may not pause from filling orders to celebrate its silver anniversary. Oldsters will recall the chilly unair-conditioned day in 1911 when Willis Haviland Carrier, M.E., then engineer for Buffalo Forge Co., now chairman of the board of Carrier Corp., told the American Society of Mechanical Engineers in annual meeting assembled that at last something was being done about the weather, indoors if not outdoors, and laid down the four cardinal scientific principles upon which the air conditioning industry has largely built.

Antis and Pros Both Wrong

Following hard, as the announcement did, upon the first successful airmail delivery in the United States, the 1911 model rugged individualist told himself and the world that nothing good would ever come from airmail or air conditioning. Friends of air conditioning told the rugged individualist and the world that here was an art destined to be a "five billion dollar industry" in less time than it took to tell it. Both were wrong.

Twenty-five years of experience are likely to give some perspective to any point of view. Certain companies have prospered; \$48,000,000 of equipment was sold and installed in 1935 (*BW*—May 2 '36, p. 19); very probably the 1936 sales quota of \$73,000,000 will be reached. But total all the business done since 1911 and it will not reach half a billion.

Greatest misfortune, therefore, of the legitimate members of the industry was the five billion dollar idea which brought scores of depression-distraught manufacturers of other things into the apparently green field of air conditioning, there to muddy themselves and the market until recalled to their old stamping grounds by better prospects in their old lines. Those with real contributions stayed and prospered. Greatest good fortune was the fact that the first installations in theater, store, and factory were soundly engineered, and hence paid their pioneering first customers sound returns in improved product and/or increasingly satisfied patrons, increased earnings, and employee health.

Public acceptance of the air conditioning idea has been with the industry from the start. Smart industrialists scrutinized their production methods

and their cost sheets; where air conditioning had a Chinaman's chance of paying out, they put it in, and results in such widely disparate fields as railroad, rayon, mine, and retail store proved their judgment sound. Movie fans flocked to air conditioned theaters; tobacco men found that breakage in conditioned tobacco was so reduced as to pay for their equipment in jig time.

But paradoxically this early industrial acceptance has probably held back the art in the home and office field. With the major emphasis placed on cooling in railroad, theater, and store, where controls were far too often set for temperatures under the human "comfort zone," little wonder that one of the new names for air conditioning submitted to *Forbes* in its recent contest, and not very widely publicized, was "clamifying;" scarcely less wonder that home owners and office managers still hesitate to buy and install.

Timely, therefore, is the analysis of the art into eight phases which have become the sales theme of a manufacturer whose 1936 sales will probably treble 1935, namely, ventilation, air cleaning, air circulation, noise elimination, which are year-round uses; heating, humidification, for cold weather

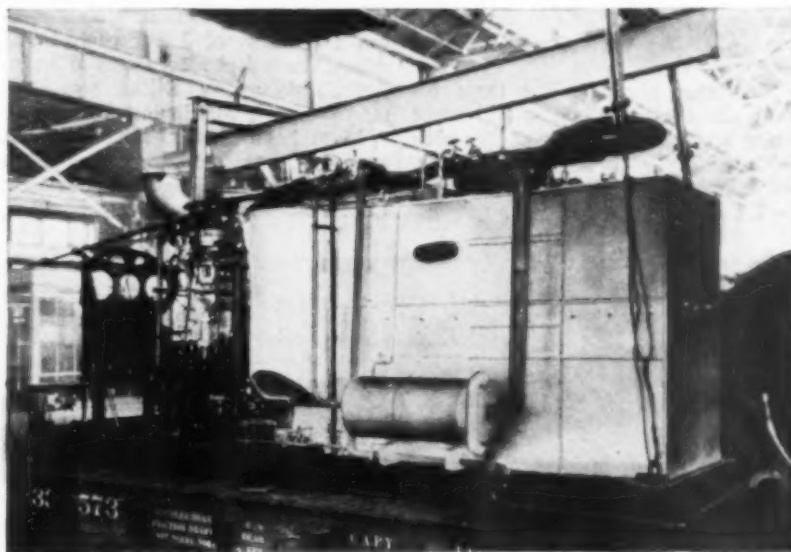
only; cooling, dehumidification for the hot muggy days of summer. Wide and insistent publicity of these basic phases by all the manufacturers in the field would shortly dispel the present confusion about true air conditioning which persists in the minds of millions of potential customers. Countless customers can now readily afford the comparatively uncostly benefits of the year-round phases; the same customers will henceforth find that they cannot afford to be without the winter and summer phases.

In other words, the future of air conditioning is as secure as the more ancient but no less basic cook stove and drinking fountain. Engineers may wrangle as to the relative merits of rotary and piston pumps; chemists may wrestle with the problems leading up to the one best salt for dehumidification by absorption; sales strategists may select existing or future buildings for their main sales drives; but if the industry will educate its public on the basic phases and gear its activities thereto, it will probably go places.

Power Show Is Vivid

Exhibitors offer many colorful displays; significant new trends are revealed.

INTELLIGENT preplanning revealed itself on every square foot of the three floor 1936 Power Show (official name and style—Twelfth National Exposition of Power and Mechanical Engineering) which was held this week at Grand



Business Week

PACKAGED POWER—In 2,000 to 10,000 HP units, complete on the flat car if not strictly speaking across the counter. Babcock & Wilcox, Bailey Meter, and General Electric collaborated to produce "Steamotive," steam-generating unit to be shipped and set up complete with auxiliaries as pictured. Machine embodies forced circulation, distinct departure from American practice. Developmental unit now in commercial service with GE at Lynn, Mass., produces 21,000 lb. per hr. of 900 deg. F. steam at 1,500 lb. pressure. Union Pacific has ordered two units for driving electric locomotives; Henry Ford, one for industrial purposes.

Central Palace, New York. Two years since the preceding show had given exhibitors time to consolidate their engineering and sales ideas, and to put them into action in colorful, graphic, almost uniformly informative displays.

Never have more good round dollars been spent to publicize the romance of an art which many had come to believe was old, stale, hidebound, undramatic. Though the 1936 policy of manufacturers in the power field is to shoot new developments to the public when, if, and as developed and tested, individual products and processes were so displayed as to make them fresh and new.

"Gadget" Has Prestige Now

Which is not to say that there were not brand-new things: the conveyor which utilizes a rubber hose that is not a hose (*BW*—Nov 21 '36, p24); the new hot process deaerating water softener; new geared and gearless speed reducers; new recording instruments for power and process control; new electrical apparatuses; new gadgets for plant and home shop (and "gadget" is no longer a disparaging word in industry); new drafting machines; new non-ferrous and ferrous alloys; new applications of hard facing to control corrosion and wear; new flame cutters and welders for modern steam fitting requirements.

Significant in trends was that toward welded, soldered, or brazed pipe-fitting; smooth bends replace elbows; tees are welded instead of threaded to pipe. Yet the makers of taps, dies, and pipe-threading machinery were there with improvements in their more orthodox art.

Significant also was the trend toward alloys as a means toward space saving and upkeep reducing. For both public utility and private enterprise, power cost is being licked in a hundred ways.

Automobile Strikes Probable

Bendix and Fisher labor troubles indicative of spreading sentiment among workmen. C.I.O. organizers making progress in organizing locals.

DETROIT (*Business Week Bureau*)—It doesn't make pleasant reading, but the fact is that the automobile industry appears certain to face an epidemic of strikes this winter. The Bendix strike was the first to make newspaper headlines, but numerous other sitdown strikes have occurred or have been escaped by an eyebrow. One was narrowly avoided recently at the Dodge main plant of Chrysler. A four-hour cessation of work at Fisher's Plant No. 1 in Flint on Nov. 13 threw a scare into General Motors. The Chevrolet and Fisher assembly plants at Atlanta were shut down because of a walkout. Latest development is a sitdown strike in the local plant of Midland Steel Products Co., which makes Chrysler frames.

Behind the strikers in every case has been the United Automobile Workers of America, affiliate of John L. Lewis's Committee for Industrial Organization. The U.A.W.A. has a remarkable story to tell of its growth. It was torn by internal strife for a year, with President Francis J. Dillon (a William Green partisan) aligned against Vice-President Homer Martin, a Lewis sympathizer. There were three or four automobile unions outside its fold constantly pestering it. Then came the convention last April in South Bend when the union was freed from American Federation of Labor control and gained the independent status of an international union. Dillon was summarily ousted, Martin installed.

Much has happened since then. A series of conferences brought the Coughlin-labeled Dodge union into the U.A.W.A. and Richard Frankenstein,

its main-spring, became chief organizer in the Detroit area. Matthew Smith refused to play ball by bringing his Mechanics Educational Society into the ranks, so Martin deftly executed a coup by inducing three of the four Detroit locals to join anyway. Arthur Greer had pulled his Hudson local out of the U.A.W.A. during its earlier days, gave it a pretentious name as a separate union. Now he and his union have returned home to the U.A.W.A.

The C.I.O. is giving powerful support to the U.A.W.A. Adolph Germer of the United Mine Workers is assigned full-time to automotive union activities. Leo Krzycki, vice-president of the Amalgamated Clothing Workers, spends much time in Detroit. Allen Haywood of the United Mine Workers divides his efforts between auto workers at Detroit and rubber workers at Akron.

More Locals Planned

Today the U.A.W.A. has 103 locals, claims a paid-up membership of 90,000, or more than double the number six months ago. It has branch offices in Flint, Mich., and Anderson, Ind., both General Motors plant cities, in charge of vice-presidents. Wherever advisable, several locals have been consolidated into one local. This is true at Lansing and Flint. Toledo has only two locals, one at Chevrolet and a second for all other automobile factories. Later on, as these locals enlarge and perhaps become cumbersome, each will be broken up into two or more locals. All General Motors locals send delegates to a General Motors council, which is a



Underwood & Underwood

THE FEEDERS GROW UP—"Feeder" air lines—those which carry passengers from off-the-route towns to the larger cities for connection with main lines, are growing fast. They are getting a lot of attention, and the Bureau of Air Commerce has just received a special plane developed for feeder use.

The ship is an all-metal Lockheed (known as the 12A), and flies high and fast. It is equipped with de-icers on wings, propellers, and radio antennae, is powered by Wasp Junior engine, and cruises at better than 200 m.p.h. with six passengers. It is heralded as one of the safest transports yet devised.

WEEK



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board of strategy and also a fact-finding body.

The U.A.W.A. membership drive is being pushed through mass meetings, individual solicitation at factory gates and at homes of workers. Newest strategy is for loyal union men to invite trusted co-workers to meetings at their homes where union aims are explained. Initiation fee is \$1, membership dues \$1 a month. Of each \$1 dues, 37½ cents goes to the national treasury, 5 cents (taken equally from national and local shares) for educational work. Classes are conducted by locals in history of trade unionisms, parliamentary law, public speaking, economics; some instructors are paid by the union, others come from PWA.

Rebuff at Rouge

Union officials claim Nash and Studebaker are almost 100% unionized, that in Detroit they are better entrenched in the Dodge plant than in any other big shop. Ford is their chief despair; efforts to get even a toe-hold at Dearborn have been futile. Flint is a weak link in the union chain.

Platform of the U.A.W.A. is an annual wage minimum for auto workers, elimination of the speed-up, straight seniority rights, a 40-hour week and eight-hour day, time-and-a-half for all work over the basic work-week and work-day, progressive reduction in hours until all workers who are unemployed or have been displaced by introduction of new machinery are re-employed, improved safety measures, establishment of true collective bargaining through union representatives. When state legislatures convene, the union intends to push a legislative program based on the fact that the automobile industry is in the best financial position since 1929. In Michigan it has a champion in Governor-elect Frank Murphy, who is to be feted by state and Wayne County labor federations on Dec. 19.

Quick Strangulation

Strategy of union leaders seems to be to badger key parts plants rather than center an attack on a major plant of a car manufacturer. Before the Bendix strike was settled, Packard was forced down by lack of parts, Cadillac just missed a shutdown for the same reason. Motor companies were frantically seeking new sources of supply. Incidentally, the industry will push with all haste its plans for further decentralization, wider distribution of orders among suppliers so that a strike at any one plant won't interrupt the flow of materials and parts.

Car makers will continue to combat unionization by paying as high wages as possible, by distributing bonuses to employees whenever earnings justify such action, by stabilizing employment

and incomes as much as possible. In 1934 average earnings of an auto worker were \$750. The past year they rose to \$1,210. Sixty-nine out of every 100 workers during the '36 production season were steadily employed throughout the 12 months, and their average earnings were \$1,490, or \$170 better than in 1934. General Motors and Chrysler recently have adopted a 40-hour week with time-and-a-half for excess periods. Ford has been on a 40-hour week for many years. Most companies express willingness to meet with representatives of any group of employees so long as they speak only for that group. Management refuses to concede, however, that a union with outside leadership has the right to bargain for all its workers. It will oppose that contention, and particularly any attempt to force a closed shop, to the bitter end.

Labor's Main Points

A.F.L. convention is over, and unions will fight for higher wages and make-work laws.

Its annual convention safely past, without fist fights or major disturbances, and with fair agreement on "needs for next year," the American Federation of Labor returned this week to the business of organizing, collecting dues, distributing publicity, and lobbying. Front-page news stories informed the country what labor intended to press for, in a general way, during the coming year.

Meanwhile, another great section of organized labor, the suspended A.F.L. unions which are banded together under John L. Lewis' leadership as the Committee for Industrial Organization, is plugging along its own path. From the partially parallel routes of the two groups, business management may predict coming events with a fair degree of accuracy.

Labor leaders, and workingmen, feel pretty good these days. Signs of prosperity are seen on every hand, and wage raises have been coming along in quantity. But the A.F.L. makes plain that it will not rest on its oars. Organized labor feels that dividend increases have been more prominent and more numerous than wage increases, and it will seek recurrent raises as business continues to pick up. That's Point No. 1.

With returning prosperity, the number of unemployed has shrunk. But there are millions still unemployed, and such measures as the Black-Connery 30-hour week bill will be pushed hard in the coming session of Congress. Employers can list that as Point No. 2. of labor's agenda.

The national elections returned a thumping majority for an Administra-



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THIS WAY WE LEARN—Dr. Raimund Koehler (left), president of the great Leipzig Trade Fair, gets first-hand information about American buying and selling methods as he inspects Chicago's Merchandise Mart. After visiting other cities Dr. Koehler will return to Leipzig, where the annual fair gets under way in March. It attracted some 200,000 business men last year to the pooling of ideas, and to the study of some 8,000 exhibits from 74 participating countries. With Dr. Koehler are T. J. Reed (right), building manager, and H. A. Johnson, treasurer of the Leipzig fair.

tion which has been kind to labor, and politically inclined officials in the A.F.L. and the C.I.O. will be very much in evidence, very chummy with Washington well-wishers. But there are also well-defined stirrings of sentiment, particularly within the C.I.O. unions, for a Labor Party. That objective is not clear enough right now to make it Point No. 3, but it might come over the horizon very rapidly if the C.I.O. and A.F.L. compose their differences.

Lack of a united front will make labor's voice faint in the discussions of Supreme Court amendments. The A.F.L., in a conservative way, beat down moves for support of such changes, at Tampa last week.

Unions are picking up dues-payers every day, and labor will enter 1937 in a confident mood. Individual em-

ployers who are making money, paying dividends, but not putting out any raises, and units of prosperous industries which let the other fellow raise wages but hope to get by without similar action, are facing trouble. From the present temper of management, observers expect very little chiseling—employers are pretty well sold on the merits of passing the cake when the cake is plentiful.

Specifically, automobiles, rubber, and steel are the main objectives of the C.I.O. organization drive. The steel campaign has been costly, results have not been notable, and general wage increases have kept labor friendly. But the C.I.O. must have action of some kind, and if given a good talking point would call its men out. Rubber is still pretty chaotic, and automobile plants probably will see strikes (page 16).

All Set For Berry's Show

There will be a big attendance at Dec. 10-11 meeting, but most of those present will just be eyes and ears, sizing up the situation.

WASHINGTON (*Business Week Bureau*)—Nobody charges that George L. Berry, Coordinator for Industrial Cooperation, is calling business men to Washington under false pretenses. His title and authority derive from successive executive orders by President Roosevelt, but observers are still skepti-

cal whether, in calling the meeting for Dec. 10-11, Maj. Berry's action has the President's affirmative consent.

No exception can be taken to the announced purpose of the meeting to sound out industry and labor on what they think should be done to establish fair trade practices, shorter hours of

work, and, possibly minimum wages, but it is admitted by Berry's own associates that nothing coherent can come out of next week's meeting in which representation is left entirely to voluntary participation under conditions which do not establish confidence in its auspices. There is reason to believe also that Berry, the labor politician, expects to score on the very antagonism that he rouses among industrialists, and is enjoying his role as business-baiter.

Nothing Else in Sight

Nothing in advance of the conference is assurance of any other outcome than that anticipated by the company executive who inquired: "Can you tell me whether this is going to be a real conference which is worth while coming to or whether a lot of us are going to be herded into a big room, talked to, and then sent home?"

Berry's office is trying to arrange a program that will not end up in a fiasco like last spring's meeting. To curb discussion, without bringing the steamroller on the scene, will require a nice bit of parliamentary strategy. Coordinator Berry will, of course, be the keynote speaker, followed by the chairmen of the Council for Industrial Progress, William Green, president of the American Federation of Labor, and John G. Paine, chairman of the board of the Music Publishers Protective Association. Discussion from the floor will be confined to the broad subjects indicated, but a safety valve may be provided by encouraging particular trade groups to hash over their peculiar problems in meetings of their own on the evening of Dec. 10 and submit their proposals for such consideration as the council may see fit to give them in its executive sessions on Dec. 11.

Tangle of Interests

Attendance is estimated at 750 up. That figure, to which several hundred may be added, is an index of the natural interest which business and labor has in the mere discussion of questions on which Roosevelt's future policy will turn. That, plus the notion that Berry may be the official go-between, and that it is better to be on the safe side. But if that were the case, what of Sec. Roper and his Business Advisory Council? Both have, or neither has, White House sponsorship. The plain fact is that both are angling for position. The lively interest in and mutual disparagement of each other's activities is an amusing spectacle of government ineptitude, if this is regarded as a demonstration of the Administration's desire to elicit the cooperation of business.

There have been hints in hostile quarters that the President will unhorse Berry. He can't do so at this late

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date without antagonizing a large contingent of organized labor, which will be largely represented at the conference. All conversations with Administration officials invariably wind up with the conclusion that in his own time, President Roosevelt will assert his leadership and sweep aside the lack of teamwork evident in his official family. The President departed on his mission to South America confident that the suspense in which he left both industry and labor would advance rather than hurt his plans for the future when finally announced.

They Want to Know

A large number of trade association executives and comparatively few individual company officials have advised Maj. Berry's office that they expect to attend the meeting. Wholesale and retail trades are more widely represented than manufacturing industry. Few of them apparently expect to apply for membership in the Council for Industrial Progress. They are simply coming to Washington to size up the situation for themselves.

Walsh-Healey Bidding

Many big firms fall in line with law, but trucks and machine tools hold out.

WASHINGTON (*Business Week Bureau*)—Opponents of the Walsh-Healey act regulating working conditions on government contracts who predicted that its effect would be to stifle bidding are hard put to explain the continuous stream of awards. As of Nov. 28, 234 separate contracts falling within W-H limitations had been awarded for a large variety of supplies and equipment.

Included in the list of successful bidders—and therefore of conformers with the act—are big names: General Electric, Westinghouse, Endicott-Johnson, Standard Oil of Indiana, Sinclair Refining, Colgate-Palmolive-Peet, du Pont, Atlas Powder, Allis-Chalmers, American Bridge, Aluminum Co. of America, to name a few. These, apparently, have decided that the Walsh-Healey requirements can be complied with without too much difficulty, and are as willing as ever to do business with the government.

Changing Sentiment

The other side of the picture is not so readily obtainable, but it is known that two industries, at least, have worried purchasing officers by their resolute refusal to accept the new restrictions. These are the big motor makers and the machine tool builders. Until recently, marine boiler makers were also outside the fold, but it is now reported

that a better understanding of the law has led them to see the light, and that there will be ample bidding on such contracts in the future.

The truckmakers have not yet been subjected to a real test. When the Resettlement Administration tried to buy 28 trucks, they split bids so as to bring the offers below the \$10,000 deadline; on readvertisement they declined to bid, except on one item also under \$10,000. After long deliberation the contract was divided among the various bidders so that no one became subject to the restrictions. Subsequent truck purchases have been made through local dealers. Now, however, Sec. Perkins has ruled that direct shipment from factory to delivery point, even though the transaction is made through a dealer, subjects the manufacturer to supervision under the law.

Problem for the Navy

The machine tool builders are even more stiff-necked, and the navy, principal purchaser of machine tools, is reported to be worried. With private orders already booked up well into the future, this industry can well afford to sit back and let the government do the worrying. So far, there has been no apparent break in the deadlock.

Beer Facts

American Brewers sought better beer during Prohibition—not more "spikeable" product.

IN giving the background of the organization rivalries in the brewing industry, a *Business Week* staff member recently fell victim to one of those familiar legends of the Prohibition era—that, in the cockeyed days, there were some specially favored brands of near-beer made by a secret process and much sought after by grateful imbibers because they not only tasted better than others but were more susceptible of "home treatment" or spiking after they had left the brewery. Before any veteran could correct him, he went on to identify this legendary process with the well-known Siebel process for making a better, though no more spikeable, near-beer which was adopted by certain breweries that formed the nucleus of what is today the American Brewers Association (*BW*—Oct 31 '36, p. 31).

The story of the Siebel process, of course, brings only credit to the American Brewers' Association and its members who, throughout Prohibition, were solely concerned with the making of a better, and not a spikeable, near-beer. The legendary process, as shown by the proud Prohibition record of the established law-abiding brewers, was just a legend.

Big Holiday Buying

Shoppers crowd the stores, and several cities expect to equal 1929 sales.

THE mad month of December is here with its crowds of shoppers jamming streets and stores, intent on concentrating close to a third of their year's buying of dry goods within the brief span of 21 days. Thousands of extra clerks have been hired to handle the gift-buying public. Shortages of stock are frequently reported. Reorders are numerous and difficult to secure.

More Money in More Ways

Reasons for the Yuletide enthusiasm this year are not hard to find. Factory employment is back to the March, 1930, level. Railroad employment is touching 1931 marks. Pay envelopes are fatter both because the work week is longer and the pay is greater than last year. The flow of purchasing power will be swelled by Christmas Club disbursements of \$355,000,000 to 7,500,000 members, of which 42% is destined for Christmas buying.

Just how good is this year's Christmas business likely to be? Results will vary both with sections of the country and types of merchandise. Southern states have the best prospects this year, with cities such as Atlanta, Birmingham, Charleston, Houston, Jacksonville, Memphis, Norfolk, and Savannah likely to equal or exceed their 1929 sales. Cities like Chicago, Minneapolis, Kansas City, Indianapolis, and San Francisco are also counting on surpassing that goal.

May Hit 1929 Mark

Among retailers, variety stores and mail-order houses are most enthusiastic. Variety store sales have run a moderate 8% ahead of 1935 for the first 10 months, but it won't take much more than that for December sales to slip past the 1930 volume, and 15% would put them on the par with 1929.

Mail-order houses have set new all-time highs in sales almost every month this year, so that the Christmas plum is virtually in the bag.

Department stores have been widening their margins of gain over last year as the year progressed, so that the Christmas volume is almost certain to surpass the 1930 mark. Chances that 1929 will be equalled are very dim indeed. It would take a 32% gain over December, 1935, for the country's department stores to come up to the 1929 point, and the best margin over last year so far was 16% in October. Moreover, the year as a whole will approximate only the 1931 volume.

It looks, too, as though the menfolk will fare exceptionally well on the receiving end of the line this Christmas.

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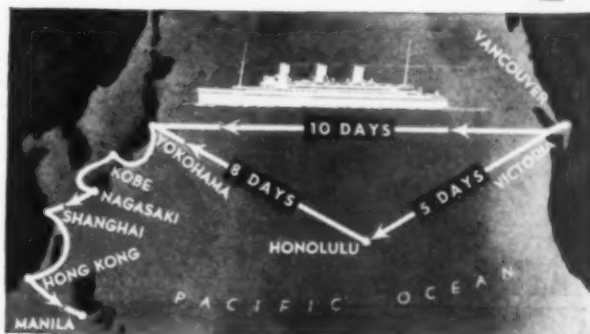
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Consumer Movement Is Slipping

Its spokesmen in Roosevelt Administration have suffered another reorganization, which may be the last, and they seem to be drifting helplessly.

THROUGH one more reorganization—some say the last—into one new but not dissimilar phase of life, moves the bewildered cause of consumer representation under Roosevelt.

Back in the days of NRA the Consumers Advisory Board was something of a trouble-maker which business had to reckon with. Its heirs and successors are less a problem, for the ranks of these latter-day apostles are divided by schisms, confused by conflicting concepts of what ought to be done for the consumer and how to do it, confounded by lack of any well-defined objective.

When business set up the targets, it was an easy job for the consumer contingent to unloose an occasional broadside, but now that that group has to set up its own targets—or straw men—as well as man the guns, it's another problem. Targets in such number and variety are proposed that the bombardment degenerates into potshots.

Last year, economist Walton H. Hamilton of Yale was named special adviser to the President on consumer problems, and out of the wreckage of the CAB and the Consumers Division of the National Emergency Council he sought to fashion a new organization. Later it became ostensibly affiliated with the Department of Labor, but actually the department was never responsible for it. Seven economists volunteered their services as a directing cabinet, and five members of other branches of the government will be supervisors.

"To assist the Administration effort

to get the buying public more for its money," Hamilton planned continuation on a larger scale of the price studies of various commodities, initiated under NRA. For the benefit of organized consumer groups, such as the score of local Consumer Councils which were originally organized to the number of 240 by the NEC and which now are known as "institutes" to avoid the implication of governmental authority, a special publication was established. But in February of this year the Budget Bureau refused to O. K. continued publication of *The Consumer*. Shortly thereafter Mr. Hamilton resigned to assume new research activities with the Social Security Board. Chapter One.

Clarence E. Ayres was the author of chapter two. Under his administration there were the usual organization and new lavish plans for an amplification of the research program, particularly along the lines of investigating quality standards. But when such studies as were completed elicited only the criticism of those in other depart-

CORONATION MINDED—All England (and the rest of the world, too) is looking forward to the crowning of Edward VIII. Decorations and souvenirs are being turned out by the thousands, and a tremendous sale is indicated for the latter.

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ments and when none of them ever saw the light of publication (funds somehow never seemed available), Ayres resigned and returned to his post at the University of Texas.

Now Thomas W. Holland, a labor lawyer who formerly served as assistant director, is in full charge. Once again there has been a shuffling of personnel, and procedures.

The Consumers Project—that's its official name—has seven months of life. It may have more, but that is as far as the guarantee goes, for the appropriation of relief funds from the Works Progress Administration expires in July. Here is how CP operates and what it hopes to accomplish:

One division continues work on quality studies: intensive examinations of what the minimum factors of quality

are in various commodity lines and how adequately and economically these standards are met in available goods. Studies are well under way on hosiery and gas ranges; and one on drugs, outlining the requirements of a standard home medicine chest, is actually scheduled for publication next month.

Director Holland, by his own admission, is no economist, and Isador Lubin, commissioner of labor statistics and one of the members of the inter-departmental control committee, has come to his rescue with a guarantee to supervise completion of the work on a score of price data studies, launched in the Hamilton regimes. These studies are intended to trace the establishment and chart the operation of price structures in various industries, with special reference to the controls used to regulate price movements. Fields under investigation include milk, gasoline, tires, liquor, waste paper, cottonseed, women's dresses, and shoes.

Manuals for Shoppers

A third section the educational section, is concentrating chiefly on the preparation of manuals telling consumers what quality standards are now actually available to them.

The standards section is compiling for the first time a catalogue of standards—trade and consumer—indicating how quality is designated.

One other section of the Project deals with consumer cooperation. It is at work on a tabulation of information about national, state, and municipal laws affecting the operation of co-operatives. It is out of this section that a move has developed for an up-to-date, comprehensive census of American consumer cooperatives, officially tabulating for the first time full data on number of societies, membership, volume of business, savings dividends, etc. Commissioner Lubin is heading up the group of representatives from CP and other government agencies that are mapping out the job.

AAA Job Narrower

What happens to consumer representation in Washington after July is anybody's guess. The Consumers Council of AAA will probably still be doing business at the old stand, but its work is pretty much cut out for it and in no sense of the word does it have the latitude for dealing with broad consumer problems that was part of the birthright of Consumers Project. Many of the CP studies will not be completed by July. If the axe falls then those studies will be referred to—and probably buried in—other departments.

The consumer-conscious crowd in Washington argues that the only hope for salvation—for a continuous realistic program of consumer aid, lies in a new Public Welfare Department.

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- Is term insurance worth buying?
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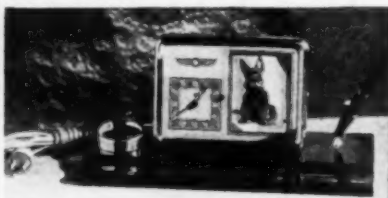
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FIRE! in an unsprinkled plant! Alone and unaided the watchman uncoils the fire hose line, rushes back to turn on the water valve. Invaluable seconds irretrievably lost. Good news, therefore, that Davies Craig Corp., Beacon, N. Y., will soon be in production on a new expansible fire-hose reel designed to permit turning on the water before running out the hose. Reel expands in diameter and width as water fills hose, prevents bursting. Tests prove that water is delivered to a fire in half the time formerly required.



VIKING PRODUCTS CORP., 330 W. 42nd St., New York, is ready for the Christmas rush with its newest electric "Fotoclok" desk set. Photographs of vacation memories are easy to insert and, as time goes on, to change to photographs of other memories.

IT IS A CHARACTER- and vocabulary-testing experience to stand or kneel in one's own light while trying to locate and tighten a screw inside radio or refrigerator or any other dark and inconvenient spot. Now comes Bonney Forge & Tool Works, Allentown, Pa., with a screw driver equipped with flashlight and a magnetized tip. Transparent, nonconducting handle contains standard batteries and bulb. Magnetized tip, which holds screw until it can be placed and driven home, gives worker all benefits of a third hand.

DR. FRITZ LOEWENBERG, 10 E. 40th Street, New York, is responsible for the development of new self-generating photo-electric cells of sufficient power to operate directly connected mechanical relays. Active element has appearance of a coinlike metal disk; is furnished mounted in a molded plastic casing or unmounted in round or rectangular shapes; will generate up to 0.6 volt and deliver 480 microamperes per lumen of light falling on its surface.

THE NEW imprinting press of R. Hoe & Co., 910 E. 138th St., New York, will imprint the ends of boxes or shipping containers right in the manufacturer's plant at speeds up to 3,000 ends per hour. One stacks boxes, either

empty or loaded, in a feeding hopper; machine imprints and restacks them automatically in a delivery hopper.

MARKWELL MFG. CO., 200 Hudson, NYC, is ready with a desk-type stapler sufficiently versatile to staple from two to sixty sheets of paper permanently or to pin them together temporarily at one bang of the fist. Pin may be as easily withdrawn as a common bank pin.

RICE, old as the orient and flavorless as tripe, is coming to market in a new popcorn flavor. Baton Rouge (La.) Rice Mill, Inc., reports "popcorn rice" to be cookable in all traditional ways—suggests that children will no longer have to be browbeaten into finishing their breakfast or supper cereal.

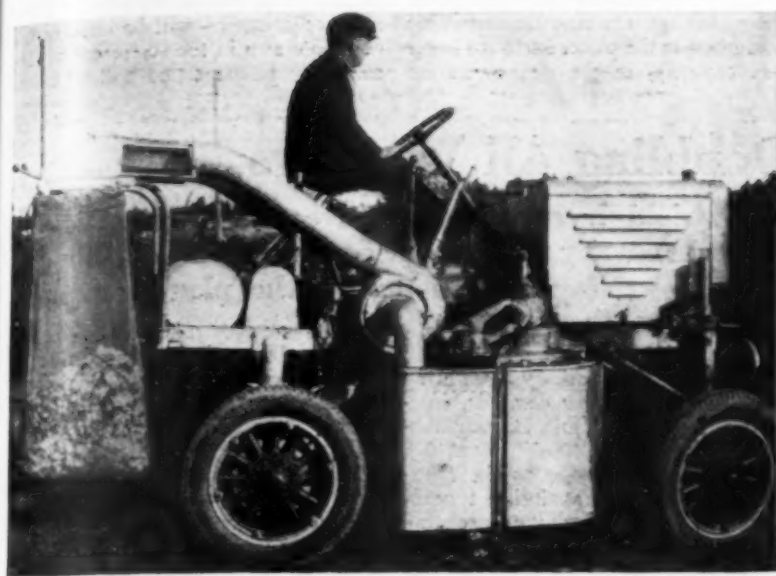
ADRIAN X-RAY MFG. CO., 3535 North Palmer Street, Milwaukee, will provide equipment for final inspection of packaged candies and similar products. Conveyor-borne boxes pass through the X-Ray Inspector; a green fluoroscopic screen reveals the outline of any foreign matter like glass, shells, stems, nails.

SPECIFICALLY designed for bridging gaps in ill-fitting structural platework is the newest "Murex Type N" heavy coated arc welding electrode of Metal & Thermit Corp., 120 Broadway, NYC.

BECAUSE no two business machine operators can be exactly alike in stature, reach, and vision, Diebold Safe & Lock Co., Canton, O., is fitting its newest



ledger safe with a revolving, sliding adjustable tray which places vertical records in optimum position for better production. The safe itself, which provides two-hour, "labeled," fire protection day and night, takes less floor space positioned parallel to the machine.



Business Week

MACHINES FELL ON MISSISSIPPI—King Cotton and the Mississippi Delta country are hosts these days to scientists, farmers, manufacturers, and machine builders, as the mechanical cotton pickers go ahead with their tryouts. Above is one of the three most prominent—the Berry cotton picker, which moves under its own power and which rotates drums bearing 1,080 barbed spindles against the cotton plants.

Test Two Other Cotton-Pickers

International Harvester and Berry machines receive field trials and show varying degrees of success.

THE successful tests of the Rust cotton picker in which a record poundage of cotton was picked in a given period of time (*BW*—Sep 5 '36, p15) have acted as a spur to further experimentation on mechanical cotton pickers, and field trials have been held in the Mississippi Delta this fall.

Under-Cover Tests

First of these machines is the famed International Harvester picker which has been under construction over a period of years and upon which it is reported over a million dollars has already been expended in experimentation. Work on this machine is being done in greatest secrecy in an abandoned gin-shed near Clarksdale, Miss., and picking experiments are being conducted on the plantations owned by the Hopson Planting Co. The machine is put in the field, tried out, goes back to the shed for further adjustments, is again hauled to the field for further picking tests.

The International Harvester entry is a more finished-looking job than the awkward Rust cotton picker, being a compact machine, with the exception of an extensive and clumsy seed cotton cleaner attached which will in all probability be left off when manufactured for sale, as this cleaning process should be done at the gin. A brush-like mechanism removes the cotton from the 280 barbed spindles, the cotton then being

elevated by a belt conveyor to the container. The machine is mounted on a tractor. It picks a higher percentage of cotton from the plant than the Rust machine but it also picks more green leaves.

Samples of cotton picked by the International machine during a period of two months (beginning about Sept. 1) and ginned on a comparatively modern Hardwicke-Etter gin plant (receiving no special processing but being handled in the same manner as ordinary hand-picked cotton) have been classed by expert cotton men as losing at least two grades in character, dropping from good middling (average grade of hand-picked cotton in that locality) to middling color, strict low color, low middling color with all bales carrying low middling trash. This represents an economic loss amounting to at least \$20 per bale.

The other contestant is the Berry picker, based upon the inventions of Hiram Berry of Greenville, Miss. Production of this picker for the 1937 season is planned by the Cotton Harvester Corp. (formerly promoter of a suction picker). The Berry picker has 1,080 barbed spindles placed on two drums revolving toward each other, and a positive stripping device. It is run under its own power instead of being drawn by a tractor.

In picking tests it is said that the Berry picker traversed rows 700 feet

long in 3½ to 4 minutes, and gathered some 40 to 50 lb. of cotton on the first picking. Whether the Berry picker has received adequate field tests is problematical, for although there was a definite understanding that the Berry picker and the Rust picker would be used in comparative tests at the Delta Experiment Station, Stoneville, it was found, when the ground was dry enough to put the Berry picker in the field, that it had been shipped back to Pittsburgh where the factory and financial backing are located.

May Sell Picker

Methods of marketing the Berry machine are not definitely under way although the officers of the corporation would consider the sale of the machine to one of the larger agricultural machinery companies because of wider distribution possibilities.

To date the Rust picker proves to be the least expensive to operate and maintain, and carries the lowest estimated construction cost in the triple threat line-up of cotton-picking machines. Its actual test work is being done in a methodical and professional manner. At the United States Department of Agriculture Cotton Ginning Laboratory at Stoneville, Miss., the mechanical engineers and cotton technologists are making detailed and complete observations on both harvesting and ginning phases. Three varieties of long-staple Delta upland cotton are being harvested both early and late in the season, employing all methods: machine picking, very clean hand-picking, normal or average hand-picking, rough hand-picking. Each of these lots of seed cotton will be treated with a different degree of cleaning prior to ginning.

Study Spinning Qualities

In this way 72 lots of ginned lint will be provided for further study. On a basis of laboratory data with respect to fiber quality, classification, and ginning, a number of the types will be selected for spinning tests to be conducted at either the department's Eastern regional spinning laboratory at Clemson, S. C., or at its Western laboratory at College Station, Tex.

Steps are also being taken by the Southern Combed Yarn Spinners Association to have adequate mill test runs on lots of 20 to 50 bales each of cotton picked by the International Harvester picker and the Rust picker. Berry-picked cotton was not available in quantities sufficient for testing.

Because of the lowering of the grade of cotton due to mechanical picking there must be some machine improvement somewhere in order for this cotton to produce satisfactory results in its finished manufactured form. Once the results of the discussed spinning experi-

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mentation are known, the question of where further machine improvement should be—in the picker itself (to lower trash content), in the gin, or in the

spinning mill (to facilitate better cleaning mechanisms)—will be known, and one more step in the acceptance of mechanically picked cotton will be taken.

Doubling All Windows

Twofold layer of glass solves an air-conditioning problem by reducing condensation of air on windows, say manufacturers, who plan more sales.

LOOK at the window. Its simple purpose is to let in light and keep out wind and rain. But windows are being developed to meet new demands, especially those arising from air-conditioning.

Various industries are on the offensive and defensive as insistent needs point to stepping up the insulating characteristics of windows—or eliminating the windows altogether. That windowless office building Hershey built (BW—Jan 4 '36, p14) has had a remarkable effect on research to demonstrate that a window here and there still has advantages over a blank wall or translucent blocks.

Everybody's Experimenting

Glass and sash manufacturers, heating and ventilating, temperature-control and air-conditioning firms are pushing experimental work individually and collectively in their associations or in cooperation with various scientific organizations and universities. High humidities incident to air-conditioning put it squarely up to glass and window frame manufacturers to control or eliminate condensation of air on the surface of glass in windows throughout a wide range of room temperatures.

The Metal Window Institute tackled the problem promptly and has proved out in commercial installations the findings reached in a laboratory project sponsored at the University of Michigan that all double-glazed or double windows, either wood or steel, show less than one-half the condensation tendency that single steel or wood windows show under the same temperature and humidity conditions. The range of results when double glass is used is well within the requirements of any air-conditioning installation common in various types of textile, tobacco, candy, or other manufacturing processes where definite control of air characteristics is essential.

There is nothing particularly novel in this principle of building construction. Certainly as long ago as 1920 it was common practice to install double windows or double-glazed windows in air-conditioned buildings. But to the window frame manufacturers, both wood and metal, the research work at the University of Michigan presents a splendid opportunity to sell two win-

dows where they sold only one before, by permitting definite prediction of condensation performance. The experiments point directly to practical application of the following conclusions:

(1) For single windows and 30% relative humidity, there will be deposition on the glass with an outside temperature of about 22°F. For a change in relative humidity of 1%, the outside temperature at which moisture will form changes about 1°F.

(2) For double windows the relative humidity apparently must be more than 45% to cause deposition when the outside temperature is zero F. An increase in the relative humidity increases the outside temperature at which moisture will form by about 2°F. for each 1% increase in relative humidity.

(3) Test results indicate that there is practically no difference in the room surface temperature of single glass in steel and in wood windows. There appears to be some difference in the case of double glass although this may be accounted for by the difference in the air space between the panes.

For Air Conditioning

An example of the glass industry's initiative in adapting its products to meet the exacting conditions imposed by air conditioning is furnished by products such as crystallex, developed by the Pittsburgh Plate Glass Co. This is a double-glazed window light consisting of two sheets of 1/8 inch glass, separated by a space of 1/8 inch, which is filled with dehydrated hydrogen, sealed with a plastic along the edges and bound by a metal strip. The company claims that this product prevents condensation at temperatures down to 40°F. below zero.

Air conditioning requirements of glass and its installation in various types of construction are scheduled as a new feature of the research program of the American Society of Heating & Ventilating Engineers. It is in the hands of a technical advisory committee chaired by M. L. Carr, of the Pittsburgh Testing Laboratory.

No. 1 project in the society's window research deals with heat transmission through glass, including single, double, and triple glass and the effect of spacing as a means to prevent condensation. Because steel rusts and wood rots, con-

rol of condensation, as indicated by the experimental research of the Metal Window Institute, is of primary practical importance. Subsidiary research projects will consider heat transmission as affected by sash and other accessories; effects due to kind of glass; infiltration for all kinds of glass, including application and effect of weather stripping; and effects of solar radiation through windows and reduction of such effects by sun-arresting appurtenances.

Will Vote on Power

Municipal ownership proposals in three California cities are approaching referendums.

SIGNIFICANT to the power industry as indicating a growing public relations problem in California is the current batch of municipal ownership proposals now on the fire there. In Los Angeles, San Francisco, and Fresno such proposals are approaching the voting stage.

In Los Angeles, a special election is set for December on acquisition of the Los Angeles Gas & Electric power facilities by the city which already owns and operates the Los Angeles Bureau of Power & Light.

Two-Plant Plan

A \$43,700,000 bond revenue proposition to finance municipal distribution of electricity in San Francisco will be placed before voters at a special election in February. Action probably would take the form of the purchase, at \$39,000,000, of the Pacific Gas & Electric's distribution system within the city. Power would be derived from two city-owned plants, one to be constructed, augmented by purchases at wholesale from P. G. & E. The move was hastened apparently by the anomolous position of the city under Sec. Ickes' ruling that it is violating its Hetch Hetchy grant act in selling power to a private corporation. Rate cuts, announced Nov. 18 by P. G. & E., may materially affect the public's attitude.

Fresno May Vote

In Fresno, it is expected that a special election will be called before January to vote on the purchase of the San Joaquin Light & Power facilities in the city. Incidentally, the California Railroad Commission sprung a surprise recently in setting the valuation of the Fresno system at a higher figure than has been its practice in cases where private property has been sought for municipal use. The commission raised its usual allowances on severance damages and appeared to recognize more extensively earning power as well as capital investment. The city argued for a much lower rate than the commission set.



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Who's Who at F.D.R.'s Ear

Jesse Jones grows less conservative, Tugwell is practically out, Frankfurter still powerful, and Corcoran and Kennedy get stronger.

WASHINGTON (*Business Week Bureau*) —With Jesse Jones, once an economic royalist, talking about wealth levies, on the one hand, and with Rexford Guy Tugwell, once so openly radical that his speeches were the most quoted to prove the whole Administration had a pinkish tinge, going out of the picture, we have two straws in the wind which indicate the nature of President Roosevelt's policies during his second Administration.

For the most part, as indicated by other straws, Mr. Roosevelt will press onward toward the objectives he has nursed ever since 1932—objectives made clear in his acceptance speech at the Chicago convention. Increasing government control of business, smaller profits, a minimum of speculative profits, higher wages, shorter hours, security for everybody, etc.

Frankfurter High

Felix Frankfurter, head of the Harvard branch of the Brain Trust, continues No. 1 man among economic advisers. He still comes and goes, without the spotlight of an administrative job, without the embarrassment of being on the government payroll, but with his own selections of bright young men right at the core of nearly everything that is important in Washington.

Tom Corcoran, Ben Cohen, and James M. Landis are three of the most outstanding of these. Cohen and Landis are the real Brain Trust type, forever weaving new webs in which to snare the more Tory-like of business executives, drafting legislation—the stock exchange law was of their handiwork—

to put over New Deal ideals, and doing it so skillfully that mighty few holes are discoverable by attacking lawyers, though inequities may abound.

Corcoran has another element of strength which keeps him in high favor at the White House. He is fun at a party, cracks excellent jokes, sings and strums. But let no guilty malefactor of great wealth thereby assume he is just a playboy. His lobbying for the death sentence in the utility bill proved his ability to hold his own in a Greek Meets Greek legislative scramble. Actually Corcoran belongs to the inner circle. He has come closer to penetrating the inmost fastnesses of the lighter side of Franklin Roosevelt's nature than anyone who was not with Roosevelt when he was "in the navy."

No one of those, it might be pointed out, can go wrong so far as the President is concerned. Marvin McIntyre may be caught writing letters promising shipbuilders to put their proposals on top of the President's desk, or at a party with Howard Hopson when that utility magnate was being hunted by Senate process servers, but that doesn't bother the President. Mac belongs. So does Steve Early, his press relations secretary. Both were with him when he ran for vice-president—always will be.

Morris L. Cooke has come up so rapidly in the President's esteem that he must be considered. Roosevelt likes the job he has done so far in Rural Electrification, one of F.D.R.'s hobbies. He also likes the work he has done in the drought survey. Curiously enough, there are no axes out for Mr. Cooke

at the moment, so far as can be discerned, though there are plenty of folks who don't like to see anyone getting too strong with the White House.

Which contrasts sharply with the status of A. E. Morgan and David L. Lilienthal, of Tennessee Valley. Both are powerful with the President and will probably stay so unless something now unexpected develops, but it is a question which one will dig the political grave of the other first unless they are separated. No matter what happens in this bitter battle, both men will probably retain a considerable measure of influence.

Frank C. Walker still fights off the thought of being tied down to a government desk of any sort. He never has wanted a federal job, and has only taken one when Roosevelt insisted he make the sacrifice. They talk about him now for postmaster general, and what not. Probability is he will not have to take anything. But Walker has no definite ideas to sell the President. He is content to admire his chief and work valiantly for whatever he finds out the President wants. Which perhaps, aside from a remarkably attractive personality, is why the President now and again figures that here is a job that "Frank" simply must do.

Ask Sec. Hull

Cordell Hull has been aces with the President since political memory runneth not to the contrary. At Chicago four years ago Mr. Roosevelt had instructed his other lieutenants that, if they got in a jam, and could not for any reason reach him, they should take Hull's judgment as to what to do! It was a foregone conclusion that Hull would defeat George Peek in their reciprocal treaty versus international barter controversy, aside entirely from the merits of the case.

But Hull will be so busy with international relations, and with his recip-



BUSINESS WANTS TO KNOW—Sen. Pat Harrison, at his first post-election conference with the press, met one big question which every business man is asking: "What's the taxation plan?"

Sen. Harrison is chairman of the Senate Finance Committee, and he reassured the business reporters; no new taxation is in sight, and the outlook for next year, all around, is encouraging.



He Invented Air Conditioning

AIR CONDITIONING is 25 years old this month! For it was on December 8, 1911, that Willis H. Carrier read his now famous Rational Psychrometric Formulae before the American Society of Mechanical Engineers, and that body confirmed his work as a new art and science.

Willis H. Carrier is rightfully called "the father of air conditioning" because he not only evolved the laws upon which the art is based today, but he has continued to make the greatest practical contributions to the art. As early as 1905 he opened new doors of opportunity with the magic key of air conditioning. Today over 200 industries are giving the public better products at a lower cost by controlling indoor weather as he conceived it. The great rayon industry owes its

development to air conditioning. The production of motion pictures is dependent upon it.

In addition to giving the world air conditioning itself, Mr. Carrier has since made further contributions by way of refinement and practical application such as: scientific air distribution; dew-point control; centrifugal refrigeration; low temperature product conditioning; standardized unit air conditioners; portable low-cost room air conditioners and the all-year home air conditioning system.

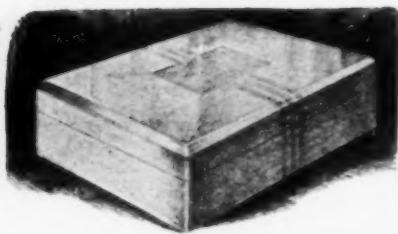
With his associates Mr. Carrier has pioneered air conditioning for indus-

trial uses, railway cars, steamships, theatres, offices, department stores, hotels, hospitals and homes. They have air conditioned the United States Capitol, Supreme Court, Radio City, both the "Queen Mary" and the "Normandie," a King's palace, a Sultan's harem, mile deep mines, a baby incubator, a zoo monkey house, and thousands of other places, large and small, all over the world.

Whether a family seeks the benefits of healthful indoor conditions, or a business is modernizing to attract patrons, or an industrial plant is planning to improve a process, the Carrier organization and its dealers can contribute enormously from the fullness of twenty-five years' worldwide experience by Mr. Carrier and his associates.



CARRIER CORPORATION • NEWARK, N. J.



Packaging Must Shout QUALITY

In these days of keen merchandising, packaging is increasingly important. Packages must shout quality—not in raucous voice—but with an extra "something" that claims attention over the mass of competition.

For many types of package, that extra "something" is lacquer. A lacquered package suggests quality with compelling sales value.

Zapon lacquers play an important role in modern packaging, with an infinite variety of usage—and Zapon is just one of the Atlas group of products that are serving industry in its progressive development.



ATLAS
POWDER COMPANY
Wilmington - Delaware



MALLORY Brightens the Business Outlook

Neon signs flash buying invitations along the "Main Streets and Broadways" throughout America... and Mallory Vibrators make their operation economical and dependable. Yet helping to turn highways into buyways is but one of the important applications of this product of Mallory inventive genius. Two out of three automobile radio receivers are equipped with Mallory Vibrators. And... wherever they are used, their standards of long life and reliability set new standards of operation for the units in which they are employed.

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P. R. MALLORY & CO. INC.
MALLORY

PARTS FOR RADIO, ELECTRICAL,
AUTOMOTIVE AND INDUSTRIAL FIELDS

cal treaties—now the accepted form of tariff revision—that he will not be advising much on questions relating to business outside his own sphere.

Henry Morgenthau, Jr., like Jesse Jones, has bent his own conservative ideas to meet the President's economic and social ideas. He has followed almost as reluctantly, with the native clinging to the old Adam Smith theories more plainly evident, as for example when he opposed the 1935 tax ideas of the President, and took little pleasure in the 1936 proposals. But he does follow, and one would seldom suspect from his words that he had disagreed. Moreover, once the President has taken a stand, that is also Henry's. There is a real friendship here too, cemented further by the fact that Mrs. Roosevelt is fond of Mrs. Morgenthau's company.

James A. Farley need not be considered in any such appraisal. He seldom urges anything not of a purely political nature, and almost always then relating to the narrower field of patronage. He knows just who is who politically in every hamlet, and regards keeping the political machine oiled and running as his job, not trying to influence the President on policy.

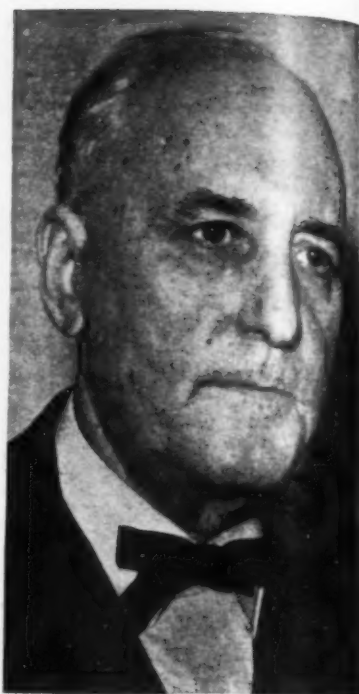
Kennedy Is Aces

Joseph P. Kennedy has grown tremendously in Roosevelt's esteem. The former chairman of the Securities and Exchange Commission had less distance to travel to bring himself in economic and social line with Roosevelt than did either Jesse Jones or Morgenthau. His voice will be potent on any question in respect to the handling of business, corporations, and taxes.

Not so strong as Kennedy but carrying considerable weight is Marriner S. Eccles, of the Federal Reserve. The President was tremendously relieved when Sen. Carter Glass withdrew his opposition to Eccles' confirmation.

Incidentally the President will not accept very much advice from Capitol Hill. He never has and there is not much prospect of a change in heart. Mostly he tells the senators and representatives what he wants done. Their rewards consist of recognition and patronage. Also, the President knows perfectly well that he pulled through a good many Democratic candidates for the House and Senate, and ran ahead of nearly all of them. He is under no illusions about the fact that this was a Roosevelt victory—not a Democratic Party victory.

Donald Richberg is still very much in the picture, despite the evident feud between him and Hugh Johnson, and the spectacular part Johnson took in the Roosevelt campaign. Despite also Johnson putting his ideas over in the unemployment census. Most insiders think Richberg will eventually be much



Wide World

THE VALLEY SHARES—Prosperity and profits, moving along in every part of the country, have not missed the Mid-Continent area. Getting ready for a banner year is the Mississippi Valley Association, which has just concluded its 18th annual convention by electing Arthur J. Weaver (above) president for 1937.

more important, for example, than George L. Berry.

An influence not often mentioned is that of W. Forbes Morgan, a relative of Mrs. Roosevelt by marriage, and very close to the President's mother, of whom the President still stands in considerable awe. Mrs. James Roosevelt is very proud of her son, but at times he is just a willful boy who ought to be spanked, in her eyes, and spank him she does, as when he tried to change the name of Hyde Park to Krum Elbow.

Congress of Industry

NEXT week sets the stage for a nationwide industrial broadcast. Manufacturers of every state gather for the National Association of Manufacturers' annual Congress of American Industry, in New York, December 7 to 10. The program symptomizes the present thinking of executives. It is focussed closely on the exterior relations of industry—with government, the employee, agriculture, and the public.

Social security, taxation, tariff, finance, legislation and many other matters are up for discussion. Also a set of "Principles of American Industry" will be adopted as a platform for manufacturers. But the problem at the moment is human relations, how to make friends—inside and outside of industry.

Friday is "Collier's Day"—



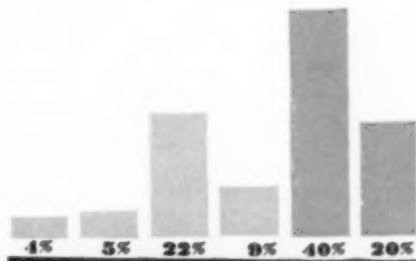
The Day Big Buying Begins

IN AMERICA the work-pay-spend sequence is firmly established. And it has a direct bearing upon the effectiveness of your advertising.

- Forty per cent of the weekly income is received on Friday.
- Twenty per cent more is received on Saturday.
- Sixty per cent in two days!
- If people turned away from the pay clerk's window to head straight for the bank . . . one day might be as important as another. But they don't.
- Nearly sixty cents out of every dollar of each week's income is spent on Friday and Saturday. Only forty cents is left for the remaining five days.

Which means that people are three to four times better customers at the end than at the beginning of the week.

- Collier's has known this fact for years. They know that *the buying urge is greatest when the pocketbook is full.*
- Yes, Collier's is issued on Friday for a mighty good reason. It is the way to present your product to 2,500,000 of America's most active buyers . . . *at the moment when the majority of buying decisions are reached.*



Sixty per cent of the national weekly income is received each Friday and Saturday. These two days also account for forty to sixty-five per cent of America's weekly retail volume. No wonder Collier's . . . issued on Friday . . . has such impact!

Collier's

The Active Market

THE CROWELL PUBLISHING COMPANY, 250 Park Avenue, New York • Publishers of COLLIERS • WOMAN'S HOME COMPANION • THE AMERICAN MAGAZINE • THE COUNTRY HOME — *The Largest Magazine Audience in the World—More than 9,000,000 Circulation—*

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Written at a single typing with automatic handling of paper and carbons

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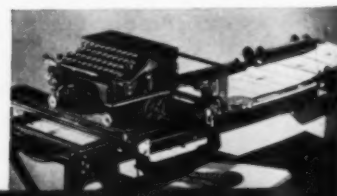
● Underwood Elliott Fisher Fanfold Machines used with Fanfold Forms make it possible for you to combine all your related business forms into a single continuous unit, write them at a single typing and with automatic handling of paper and carbons.

Consider the saving in time due to the fact that there is no stuffing of carbons, no shuffling of forms into position in the machine!

Think of the increased speed with which forms can be typed... the almost fool-proof accuracy. Register of the "fill-in" on each form is bound to be perfect.

You can buy Underwood Elliott Fisher Machines at prices as low as \$190... the lowest in history. Telephone our nearest Branch for further information or mail the coupon for your free copy of "Modern Record Writing the Fanfold Way."

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Accounting Machines... Typewriters... Adding Machines... Carbon Paper, Ribbons and other Supplies
One Park Avenue, New York, N. Y.
Sales and Service Everywhere
Underwood Elliott Fisher Speeds the World's Business
Every Underwood Elliott Fisher Machine is backed by nation-wide, company-owned service facilities.



Accounting Machine Division, Underwood Elliott Fisher Co., One Park Ave., N. Y. C.
Please mail without obligation to me free copy of "Modern Record Writing the Fanfold Way."

Your Name _____
Name of Business _____
Address _____
City _____ State _____ HW 12-5-35

South Building Factories

Roving inspection of Southern states shows constant expansion, in packing, glass, rayon, chemical, paper, tin plate, and other industries.

DEPRESSION is forgotten in the South. The industrial expansion is on again, full swing, and things are booming. And it is not only the pulp and paper development that has been so much in the papers lately.

A McGraw-Hill editor has just returned from driving 4,000 miles through the industrial Southeast. He was checking up on the new factories to see what else was happening, behind the bright glare of the United States Steel \$29,000,000 program of expansion for the Tennessee Coal, Iron and Railroad Co. at Birmingham and the other recent big headlines. He found many new plants in process.

Dozen Big Developments

1. Albany, Ga. A packing plant for Cudahy Packing Co. to cost \$500,000, and a hosiery plant for Berkshire Knitting Mills.
2. Brunswick, Ga. A paper mill for the Mead Corp. in partnership with the Scott Paper Co., to cost \$7,000,000.
3. Stone Mountain, Ga. A glass plant for C. W. Meyer, to cost \$2,000,000.
4. Rome, Ga. A rayon mill for Tubize Chatillon Corp., to cost \$2,500,000.
5. Savannah, Ga. The \$4,000,000 paper mill for the Union Bag and Paper Co., just opened, is now to be doubled in capacity.
6. Fairfield, Ala. A battery of 146 coke ovens for Koppers Co. to cost \$2,000,000.
7. Columbia, Tenn. The phosphate plant of the Monsanto Chemical Co., to cost \$2,000,000.
8. Chattanooga, Tenn. A tin plate plant for the U. S. Pipe and Foundry Co., to cost \$1,000,000.
9. Chalmette, La. A plant for Chalmette Refining Co., to cost \$400,000.
10. Baton Rouge, La. A tetrathyl plant for the du Pont Co., to cost \$2,800,000.
11. Lake Charles, La. A packing plant for Swift & Co.
12. Houston, Tex. Champion Paper and Fibre Co. has decided to double the size of its mill, to cost, \$7,000,000 when complete.

This is but a list of major projects, with no mention of the other paper plants now under development at Franklin, Va., Charleston and Georgetown, S. C., St. Joe and Farandina, Fla., Crossett, Ark., and the oil refineries at Beaumont and Port Arthur, Tex. (BW—Oct 24, '36 p40).

Everywhere he went, this editor says, "business was splendid and everyone was talking about the new industrial developments in his particular neighborhood. Birmingham and Atlanta are buzzing on this big steel program. Texas is full of rumors over a coming Carbide and Carbon development to cost \$7,000,000. The State of Louisiana, I was told, has appropriated \$150,000 for advertising the industrial possibilities of this area, and Mississippi has gone one better, if that is better, I understand, with a program to provide new mills with free occupation of buildings and property for a period of years."

In short, it is not only the pulp and paper industry that is going South. The paper development along the Atlantic and Gulf coasts is vast and spectacular, but inland there is a general industrial expansion that is rising like a tide throughout this area. It embraces in addition to these large projects innumerable smaller enterprises of all kinds. These industries are locating south for a variety of reasons:

1. To serve the undeveloped but growing markets of the South.

2. To utilize the raw materials of the area.

3. To decentralize large Northern operations.

4. To take advantage of the warmer climate.

5. To secure the abundant labor now less expensive than in the North and Middle Western industrial centers.

How strong this movement of industrial capital into the states of the old South has become was indicated at the recent Southern Chemurgic Conference at Lafayette, La. Agriculture is still the paramount interest of the area, but industry is the rising hope towards which Southern business is turning.

Town Face-Lifting

Texas city does over Main St., finds increased business the result.

WESLACO, Tex., a town of 6,000 population in the lower Rio Grande Valley, is ready to affirm that there are dividends in fact-lifting. The face is the face of Main Street, and the job of revision has just been completed. Increased business all along the line is the result, according to the civic leaders who put the plan across.

Originally, Weslaco looked like a thousand other small cities, with storefronts of various designs, and various ages, built of various materials. Three



SAME SCENE—But the difference in the main street in Weslaco, Tex. is marked. Thorough planning, and a complete job of "face lifting" for the stores, hotels, banks, and other business buildings, all done in the same Spanish motif, turned the trick.

Edrington

members of the local chamber of commerce, T. G. Cressner, Harry Ratliff, and William D. Miles, figured out a comprehensive plan for remodeling all the business fronts, opened a picture gallery where merchants could see their stores as they would look if made over, and sold the idea.

Spanish designs were used, in each case. Federal Housing Administration loans helped with the cost, and scaffolding soon covered Main Street from end to end. Cressner's drugstore was first to have its face lifted, and by Oct. 1 the other buildings had caught up with their rejuvenated sister.

With a glittering business section, Weslaco residents began to look to their residences, and a boom in new building is reported. F.H.A. thinks that other towns might like to learn about the plan, and plans to show moving pictures of the work in various sections.

Insuring Forests

U. S. will help Southern pine owners to get fire coverage and mortgage loans.

WASHINGTON (*Business Week Bureau*)—Because standing timber is a heavy fire risk, farmers in the Southern pine belt could borrow only on the agricultural value of their land, not on

its value as a producer of turpentine. So a forest fire insurance plan is being set up by the Farm Credit Administration, enabling owners to secure or extend loans on mortgages to include timber assets. Most farms in the region are part timber, part tillable.

That this timber fire insurance plan is another step toward establishment of a sound paper pulp industry in Southern pine to replace large imports from Canada is hinted outside FCA.

Loans through Land Bank

Present arrangements call for loans to be made through Federal Land Bank of Columbia, S. C., as agent for the Land Bank Commissioner, with fire insurance for protection of the bank, the commissioner, and the Federal Farm Mortgage Credit Corp. Policies affording 70% coverage will be written by private insurance companies. Citizens Insurance Co. of New Jersey is the only one named thus far.

A typical Southern pine state has farm property valued at \$400,000,000 mortgaged for about \$100,000,000—42% of which is held by Federal Land Banks. Most farms will not be in line for additional large loans, but there will be wide distribution of loans of several hundred dollars each. Owners will spend most of their loan cash for fertilizer, farm machinery, erosion control.

Truck and Bus Suits

ICC starts enforcing Motor Carrier act, and truck operators rejoice.

TRUCK operators are jubilant over the good news that at last the Motor Carrier act of 1935 is getting attention in Washington, as is evidenced by the fact that on advice of the Bureau of Motor Carriers of the Interstate Commerce Commission, the government has started four suits to enforce compliance with the provisions of the act. Several provisions are involved in the proceedings.

At Scranton, Pa., a bill of information was filed in the Federal court against two companies which are accused of charging more than the published rates from certain shippers, the commodities involved being silk and silk mill products. The same companies are accused also of having charged other favored shippers less than the published rates.

The Greensboro, N. C., case represents an injunction obtained by the Bureau of Motor Carriers of the ICC against the Colonial Motor Freight, which operates between Greensboro and Baltimore. The injunction order includes restraint against charging less than the published rates and giving more than 15 days' credit.

Then at San Francisco a bill of complaint has been filed against a bus company for carrying passengers in interstate commerce after the ICC refused to grant a certificate of convenience.

Principals of important trucking companies have felt for some time that the act was not receiving proper attention at the hands of ICC officials. They knew that violations were taking place on many routes and in some cases affected open competition for patronage. They are glad that at last the ICC is beginning to crack down on violators and look for speedy adjudication in these cases with salutary results on many would-be violators.

Westinghouse's Work Lives

MECHANICAL engineers this week took time out to look into the past. The American Society of Mechanical Engineers, in annual convention in New York, spent Tuesday afternoon and evening reviewing the work of George Westinghouse. Fifteen men, most of whom had worked for Mr. Westinghouse, participated in a symposium. Interest lay in the fact that the contributions of this electrical pioneer were evaluated in terms of their importance, not to history, but to the present functioning of American industry. They were dealt with in their broader aspects as influences upon present trends, in which George Westinghouse's work still lives.

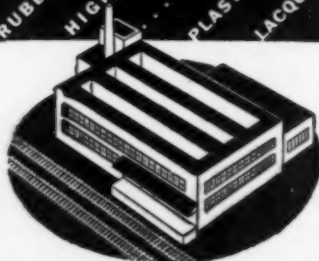
KOPPERS AND THE Automotive INDUSTRY



The Automotive Industry . . . greatest developer of new ideas . . . has an able ally in Koppers, whose growth has largely come from inventing, developing and improving methods and materials. Today, as always, Koppers welcomes an opportunity of working with manufacturers to find new and better methods.

KOPPERS COMPANY

Tar and Chemical Division
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2. Roofing Materials
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4. Bituminous Paints
5. Creosote for Wood Preservation
6. Light Oils
7. Tar Acids
8. Coal Tar Pitches.

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SS WEEK



MAN AND HIS WORLD . . .

In breadth of SCOPE, there are no other organizations quite like Allis-Chalmers — engineers to the fundamental industries by which Nature's forces are harnessed and Earth's resources harvested. . . . For 90 years Allis-Chalmers has been building this truly unique organization, whose central purpose is:

To assemble as one articulated force all the experience and facilities necessary to supply the heavy industries with partial or complete engineering installations, and to assure "the highest possible efficiency under the purchaser's conditions" . . . with everything UNDER ONE UNIFIED RESPONSIBILITY.

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Farm machinery . . . Road machinery . . . Farm and industrial tractors. Feed, flour and flaking mill machinery. Hydraulic turbines and accessories. Mining, metallurgical and hoisting equipment. Sawmill and timber preserving machinery. Steam turbines, steam engines and condensers. Turbine drives.

Bulletins on specific types of equipment furnished on request. Address Allis-Chalmers Mfg. Company, Milwaukee, Wisconsin

DECEMBER 5, 1936

New York Fair Asks \$28,000,000

Issues 4% debentures and expects business to subscribe. Attendance of 50,000,000 in 1939 would pay off obligations and provide a surplus.

IN a paroxysm of farsightedness, the New York World's Fair this week launched a drive to raise \$27,829,500 from public-spirited citizens whose solicitude for the fair name of the city will be whetted and abetted by the anticipation of a rollicksome business which is bound to come when hordes of free-spenders descend on the metropolis to see "World of Tomorrow."

Department stores, theaters, motion picture companies, building contractors, hotels, banks, cosmeticians, photographic concerns, insurance companies, restaurants can be counted on to give—but not until it hurts. For, in subscribing to the 4% debentures, they will have two chances to get their money back (Chicago's Century of Progress not only paid off noteholders in full, but managed to scrape together \$250,000 after it was all over for charity):

One, if the fair keeps pace with the prospectus, just issued; two, the business which inevitably comes from millions of visitors should keep cash registers whirring with the pleasant sound of money pouring into the till.

Long before the first sightseer arrives for the opening, April 30, 1939, fair money will be in circulation—as contractors get busy erecting structures, as the state and city come through with funds to make ready the 1,200 acres of Flushing meadows with comprehensive roads, parking places, and other necessary appointments.

Plenty of Big Names

The Fair Corp., a non-profit making body, will spend \$28,000,000 on construction alone. Which accounts for the 4% debentures which are now being distributed under the empirical guidance of Richard Whitney, former head of the New York Stock Exchange, and a crew of big city bankers whose names alone would instill courage into the most timid investor.

Strictly speaking, the debentures are not an investment. There is no money-back guarantee. Only if the fair goes over can the subscriber hope for reimbursement. Banks cannot include the debentures in their portfolios. If banks subscribe—and they will—they will charge up the expense to advertising or good will.

Chicago had an attendance of 39,000,000. New York figures on at least 40,000,000, and even then won't break even. On a one-year run, the result—after 40,000,000 paid admissions, after estimated rentals from concessionaires,

after returns for services rendered—will be a \$3,941,000 deficit.

But the Century of Progress held the fort for two years, and had a run of 329 days, which as fairs go was another Abie's Irish Rose. On the basis of 50,000,000 attendance in the first year, the debentures would be paid and there would be a surplus of \$1,000,000. And if the public demands an encore for a second year (with 40,000,000 present the first and a 20,000,000 gate the second), then the fair should go over the top by \$8,000,000.

Estimates Checked Carefully

Necessarily, the estimates are rough and ready. But trust the bankers to keep them conservative! Reasonable allowances, though unspecified, are made for contingencies, which it is hoped will not crop up. Further, the figures are based on investigations of engineering experts and have been checked and rechecked before getting the approval of (a) the executive officers, headed by Grover A. Whalen, former police commissioner; (b) the finance committee, of which Harvey D. Gibson, president of the Manufacturers Trust, is chairman; (c) the executive committee, presided over by Mortimer N. Buckner, chairman of the New York Trust Co., and (d) the board of directors, chairmaned by George McNaney, president of the Title Guarantee Trust Co.

Characteristically, such an array of bankers sound a note of caution: "The debentures may not be considered free from risk as a financial investment, but the Fair Corp. recommends purchase to all who wish to cooperate in a project which should bring added business activity and profit to those engaged in trade and industry in the City and State of New York." And that phrase, "trade and industry", will, in the final analysis, determine whether or not the debenture issue "goes over."

"Pact" on Swindlers

SEC and two Canadian provinces join hands against phony stock salesmen.

TIMES are improving, improving so fast, in fact, that the authorities are redoubling their vigilance against the phony security salesmen. Latest evidence is the conclusion of agreements between the Securities and Exchange



MORE HEALTH, MORE SALES—Customers like carotin (a vitamin-bearing pigment) in their milk because it gives the yellow color. Dairy men know the color builds sales; research men work on feeding and breeding of cattle to increase it. And the exact content is determined by the lactochronometer, shown above by H. H. Tucker (left) of Rutgers, and Henry W. Jeffers, president of the Borden-Walker-Gordon Laboratory Co.

Commission and two Canadian provinces for joint action.

Previously SEC's John T. Callahan had closed a tentative arrangement with the Ontario authorities (*BW*—Aug. 26, p. 38) and now Quebec has joined with the officials this side of the border. And the plan of action has been worked out: in the past the Canadian authorities haven't been able to subpoena witnesses against the bucketeers from the United States; now the SEC will line them up, get the evidence, and present it.

The reasons for the new developments are clear to Better Business Bureaus and attorney-generals' offices of states on this side of the border. The "boiler room" operators have found things getting awfully hot in the United States in the last few years. Many have taken to selling cemetery lots, a few still keep going on a free lance basis, but scores of others have fled to Canada. There they quietly set up business, dealing largely across the frontier. Canada cracks down whenever possible, but needs the testimony of the sheep shorn. Under the new set-up they'll get it.

Meanwhile, the stories of grandiose swindles and spreading bucket shop operations within the United States are grossly exaggerated. The bloom was off the rose after the 1929 crash. It got even tougher after SEC was instituted. The high-pressure boys still are working sell-and-switch and some of the other rackets, but only recently has the game again become worth the risk.

One after another there have been outcroppings in Atlanta, St. Louis,

Louisville, New Orleans, and Detroit. Each has been pretty well squelched, but the grafters are keeping in practice, refurbishing old dodges and thinking up new ones. Recently New York's Better Business Bureau nipped a small-time outfit operating out of a pretentious Fifth Avenue address. But neither the Better Business Bureau nor the attorney-general in New York has noted any great pick-up in complaints against swindlers, although neither would be a bit surprised if the revival came.

They aren't very hopeful about past educational campaigns helping much. An occasional fiction story does some good and some magazine articles which can be dramatized attract public attention. But even the most painstaking efforts haven't been able to stamp out the cemetery-lot racket (securities authorities can't act, because most states can't see that securities are involved). The glib salesman's claim that, with the growth of population, there is going to be a shortage of burial plots and a big rise in their value in metropolitan areas still takes the sucker.

Indians' Oil Suits

Ickes charges major companies with excessive deductions from royalties.

WASHINGTON (*Business Week Bureau*)—Should the government succeed, as guardian of the Osage Indians, in recovering from major oil companies deductions made for overage and losses due to dirt and sediment, every oil royalty owner will probably be on the industry's neck. This was the fear expressed in trade circles here when Attorney-General Cummings announced that suits have been filed in Oklahoma and that Donald Richberg had been retained to assist government attorneys in prosecuting them.

Deductions for sediment are a customary trade practice but Oil Administrator Ickes has been making broad statements for several years that his Indians are being cheated. Three per cent is the usual deduction but Harry W. Blair, Assistant Attorney-General, explained that the government will not attempt to recover this much. Its purpose is to determine the actual loss in oil and, by court decision, to establish a mean loss percentage which can be applied in the future as well as to fix the amount of the government's claim against the defendants in the present suits. This will represent the difference between the actual or mean loss and the 3% deduction made by the companies.

The litigation will require an accounting over a period of 20 years but does not extend past 1930. Since then

WHEN to hire publicity counsel

Often, too often, procrastination is the thief of good public relations. It is far better to create—*early*—a proper public understanding of your policies and your products than later to correct a misunderstanding of them. The best time for publicity is before you feel the need. To create favorable public opinion—to launch a new product or service—publicity, in experienced and capable hands, should be *planned*, right from the beginning.

To help business men in the intelligent selection of publicity counsel, we have prepared a booklet: "60 Questions to Ask Publicity Counsel". Write for it today.

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PAY ROLL RECORDS for the NEW STATE and FEDERAL LAWS

HAVE YOU REVISED YOUR PAYROLLS?

January 1st is the deadline! After this date, regardless of the number of persons you employ, you must maintain payroll records in accordance with requirements of the Social Security Act and various U. S. Treasury Regulations.

Send for free booklet on payroll accounting for Social Security Act describing approved stock payroll forms and complete payroll accounting outfit from \$6.80 up.



THE C. E. SHEPPARD CO.
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LONG ISLAND CITY, N. Y.

a change has been made in the accounting methods and agreements between the government and the companies which are working the tribal oil lands. Both oil and pipe line companies are named in the suits that probably will not come to trial before next spring.

Food Men and R-P

Opinions of grocery industry on new law are revealed in answers to questionnaires.

WHAT the grocery industry thinks of the Robinson-Patman law and what its effects have been were indicated this week in the first report of an extensive survey conducted for the Associated Grocery Manufacturers of America. The report was presented by Pres. Paul Willis at A. G. M. A.'s annual convention in New York City. The following attitudes and effects, revealed in the survey, are based on returns of more than 500 exhaustive questionnaires distributed by the market research firm of Carroll and Pelz to a representative sample of manufacturers, wholesalers, and retailers of all types and sizes:

19% of manufacturers paid brokerage direct prior to passage of the R-P

law; none does so now. 37% paid brokerage through group buyers' headquarters; 16% continue to do so.

On June 19, when R-P was enacted, virtually all manufacturers suspended advertising allowances. 35% continue the suspension, apparently in the expectation of making some restitution later. 18% have definitely discontinued allowances. 40% have restored them with significant changes.

50% of manufacturers and 57% of distributors favor advertising allowances regardless of the R-P law, though 70% of manufacturers and 67% of distributors record themselves as favoring such allowances when paid for services rendered as required by R-P law.

Although there has apparently been little change in manufacturers' use of or distributors' attitude toward car-load discounts and sliding scale discounts for purchases in larger quantity on a single delivery, there has been a notable change with regard to cumulative discounts for purchases over a specified period. 23.4% of manufacturers used them prior to June 19 and only 9.4% now, though almost 35% of the distributors still want them. Also, prior to June 19, 17.2% of manufacturers gave discounts on group purchases for a voluntary chain, and only

7% do now, though they are still in demand by approximately 30% of the distributors.

67% of the manufacturers have made no change in their quantity discount schedules, despite all the agitation.

80% of the trade favor legislation to prohibit below-cost selling, but only 46% of the manufacturers, 62% of distributors, and 71% of retailers favor a compulsory markup on invoice cost.

76.6% of the manufacturers are opposed to anti-basing point legislation, outlawing delivered price systems.

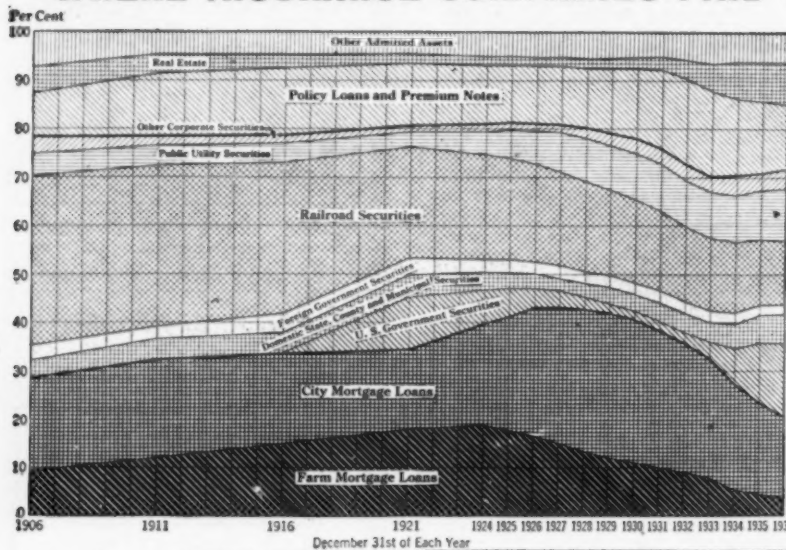
More than 70% of the entire trade (84% of the large manufacturers) approve the intent of the Robinson-Patman law as they interpret it, and this with significant reservations and qualifications. Only 40% admit any benefits from the act, though 15% have hopes of still receiving some.

Reich Sells Shares

Majority interest in Commerz und Privatbank is restored to private hands.

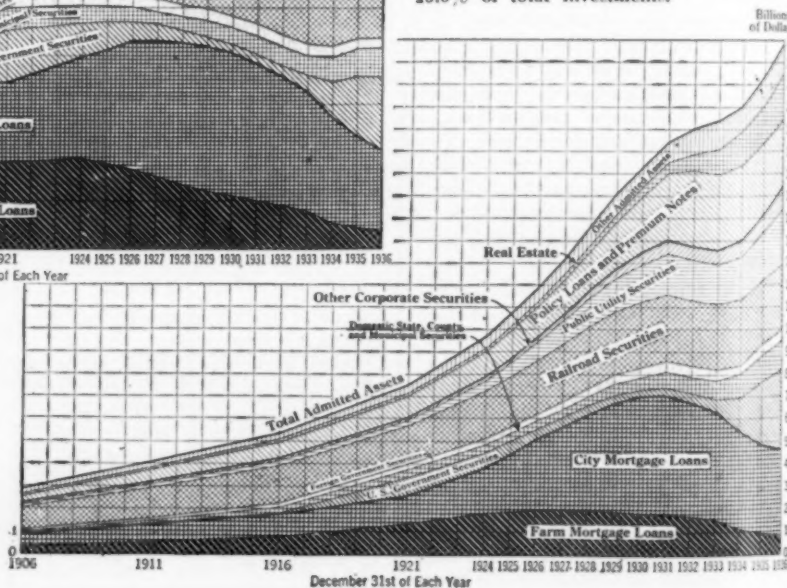
BERLIN (Business Week Bureau)—The Nazi government returned one more big business enterprise to private owners recently when it sold 22,000,000 marks of Commerz und Privatbank (Berlin)

WHERE INSURANCE COMPANIES FIND THEIR INVESTMENTS



TREND ACCENTUATED—Real estate is improving but life insurance companies' total investments in that field have declined further; corporate and municipal bonds continue to make up a slightly larger portion of total purchases; there has been a steady and healthy contraction in policy loans and premium notes. The above chart shows the distribution of insurance investments in percentages; that at the right portrays the "absolute" relation to the invested billions.

EXECUTIVES MEET—With \$23,000,000 to invest, heads of the big insurance companies got together to analyze and predict at the 30th annual convention of the Association of Life Insurance Presidents in New York this week. They still find that U. S. government bonds provide the chief outlet for insurance funds, even though interest rates aren't any great attraction. Holdings now are \$3,548,000,000 15.6% of total investments.



shares to a consortium of private bankers headed by Delbrueck, Schickler & Co. This transaction reduces the Reich's interest in this bank from 70% to 42%.

The deal is a new link in the chain of cases in which, during the last two years, the government has relinquished direct control of industrial, banking, and shipping enterprises acquired during the depression. It is no longer necessary for the government to own a controlling interest in any business in Germany to exercise control over it.

Steel Back to Owners

Outstanding case of the return to private ownership was the sale of 100,000,000 marks' worth of shares of the Steel Trust to the management last March.

It was followed by the sale to private interests of a majority bloc in the Deschimag, Germany's largest shipbuilding concern. Three years ago this company seemed hopelessly in the red. Now it is operating at capacity.

Most recent transaction of this kind was the sale of the Hamburg-South American Line to a syndicate of Hamburg bankers and shipowners.

Restored earning capacity due to improved employment, in conjunction with the Reich's urgent need for the immediate cash which such deals provide, accounts for these moves.

In the case of the Commerz und Privatbank, the resumption of dividend payments for 1935 brought the shares of the big private banks above par and permitted the Reich to liquidate its participation with a very small loss (if there was a loss at all). It is estimated that the sales of various blocs of shares of distressed companies has yielded the Reich 150,000,000 marks this year.

One Bank Still Controlled

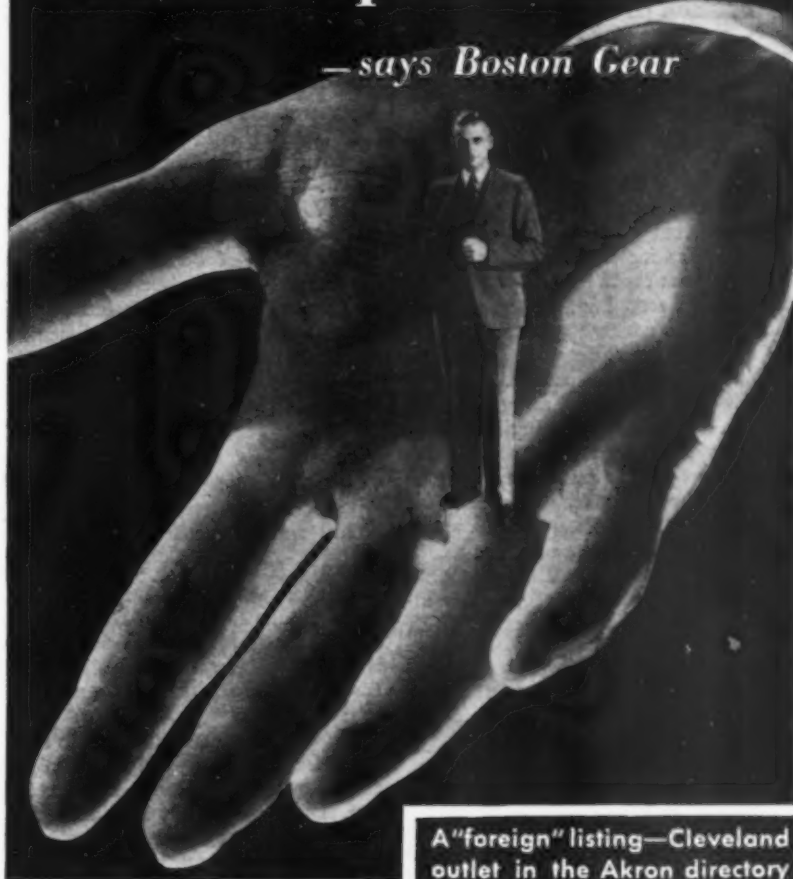
Since this transaction, the Dresdner Bank remains the only one of the Big Three under government control. Reich participation in the Dresdner is nearly 90%. To find private interests willing and able to take over this bank will, of course, prove more difficult.

As to the third bank—the Deutsche Bank und Discontogesellschaft—the Reich's interest was always confined to a minority participation. It was further reduced two years ago when the government bought from the bank its palatial building for 10,000,000 marks.

Of major cases of government control of originally private companies (not intended as a lasting investment), there remain the two shipping concerns—the Hamburg American Line (Hapag) and the North German Lloyd. Rumors are current in Hamburg that the Hapag will be sold back to private owners soon. These are doubted in Berlin because both companies have a long way to go before earning capacity is restored to profitable levels.

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A local listing—Cleveland outlet in Cleveland directory

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CLEVELAND WORKS & GEAR CO. THE

Business Abroad

Nazis bring all business in the Reich under government price control. France and Britain draw closer together as German-Japanese pact unfolds. Russia rushes preparations to defend itself in case of attack.

PRESIDENT ROOSEVELT's personal participation in the Inter-American Conference definitely marks the beginning of a planned program of leadership in world business recovery (page 11). Rumored reports of a settlement of the French war debt to the United States for about \$500,000,000 should be taken more as a trial balloon than as a figure at which formal negotiations will actually be opened.

It is too early to estimate with any accuracy at what figure the debts might be settled, but it is no exaggeration to say that Washington can bargain closely for Europe is eager to remove this blot on its credit record and regain access to the American money market.

Germany's new tie with Japan has alienated British sympathies. A few months ago there was serious talk in London of a loan for Berlin. That definitely is silenced now, and British rearmament will be pushed intensely.

Washington's newest reciprocal trade pact—with Costa Rica—is important because it helps to round out the record of new agreements with Latin-American neighbors. The volume of business involved is small, but our exports which will benefit are largely processed agricultural products, which in no way jeopardizes the plan to extend the tariff act when it comes up for consideration in congress early in the next session.

Russia Calls in Bonds

The Soviet Union and Argentina made important announcements this week concerning their financial obligations in our markets. The Russians have called for redemption the entire issue of 10 pc Soviet Union gold bonds due in 1942. They were the first Soviet bonds to be sold in this market. At the time they were marketed each 100-ruble bond sold for \$51.45. Devaluation of the American dollar since then makes them callable at about \$86.56.

Argentina took a second step in an extensive refinancing program. The Buenos Aires government is retiring all of its outstanding external 6 pc sinking fund bonds of 1925, due June 1, 1939. Nearly \$37,000,000 of these bonds are still held in this market. No new issue will replace these bonds, though a few weeks ago the Argentine refunded at 4½% about \$23,500,000 of outstanding obligations carrying a higher rate.

In spite of war tensions on the Continent, Germany has issued invitations for the annual Leipzig Trade Fair, which opens its special machinery session on Mar. 1. Attendance is expected to surpass last year, which set a post-depression record.

In London, the Simpson affair has momentarily supplanted all other news in the minds of both the cabinet and the public. As one liberal Englishman told *Business Week* recently, "The King is really proving very difficult to handle in this situation."

Germany

Reich sets new model in business representation to carry out nationalistic program.

BERLIN (Cable) Germans are nervous over world reaction to the new Pact with Japan. British reaction especially is being watched, because Britain is admittedly guardian of Holland's Far Eastern Empire which is reputedly affected by the new accord.

More important to the public is the new Nazi decree prohibiting absolutely all price increases above the level of Oct. 18. It is the most far-reaching regimentation of business yet announced in Germany, for it covers even luxuries, services, and rents, and all commodities except those already covered by special regulations.

It is indicative of the methods which will be pursued to carry out the Four-Year Plan for self-sufficiency, and of the determination of the Nazi leaders to waste no time in overcoming obstacles in the way. The ultimate in government control is the supplementary announcement that capital punishment will be decreed for any citizens found guilty of attempting to avoid the regulations and smuggle their capital out of the country.

This attempt to freeze the existing price structure is undertaken at a time when the upward trend of international and domestic prices is unmistakable, and when the Plan itself necessarily means higher costs for raw materials.

It is significant in this connection that the European steel cartel this week raised all its export prices 10%, thus taking advantage of the acute steel shortage in Britain, Germany, and some of other leading producing countries.

Motor fuel is almost the only important exception to the German price-freezing plan. Costs of all products in this line will rise 10% by government order, to provide funds for continuation of the highway program, heretofore supported exclusively by short-term borrowing.

France

Blum government is embarrassed by demands of Communist supporters. War debt negotiations will be pushed.

PARIS (Wireless)—Developments in the Spanish situation are more alarming to Paris than the announcement of the new German-Japanese pact.

Premier Blum's Popular Front government is dependent for its support on



EVERY MAN HIS OWN BARBER—Moscow barbers have found a way to cut the cost of shaves. Self-service shops feature plenty of hot water, soap, towels, and shaving sets—but the barber is only an attendant; the customer handles the razor.

the large group of Communists represented in the present French parliament. This element is insisting that France take an aggressive stand in support of the loyalists in Spain, and that the military pact with the Soviet Union be expanded and made more definite.

The Blum government is determined to maintain relations with Britain so is refusing both requests. Also, the new bill before parliament, if passed, will force workers and employers to arbitrate and will outlaw any strike not supported by a majority of the workers. This may alienate the radical group of Communists who favor direct action and force a reformation of the French government with the support of groups further to the Right.

More Confidence Seen

The internal situation is not critical, and a shift slightly to the Right would probably, at this point, encourage greater financial confidence in the government.

France is eager to settle the debt question with the United States, but plans have not gone as far as this week's headlines implied. Premier Blum is not expected to go to the United States. Mr. Bullitt, the new American ambassador to Paris, is thought to have adequate authority to handle all preliminary negotiations.

Great Britain

London fears war bluffing in Europe has gone too far for compromise. New housing plans are announced.

LONDON (Cable)—England's boom shows no signs yet of tapering off. The business activity index for October was 8 1/4% higher than in the same month last year. Retail trade barometers read more than 7 points above 1935.

The British fear that war scares have definitely gone beyond the bluffing stage, and that trouble will inevitably grow out of the bold moves which certain nations are taking now to maintain their prestige at home (page 11).

The pessimistic press this week predicts that there is a hard and fast territorial partition in the German-Japanese pact which has not been publicly disclosed, but which would wind up the fight with communism with Japan in possession of the Netherland East Indies and French Indo-China, with Italy in possession of French territory along the present border, and with Germany occupying Czechoslovakia, Austria, Memel, and other former German territories.

The ebb and flow of these war scares regularly affects the stock markets. The recovery in Argentine securities is entirely due to the expectation of war, following the recent weather blights in

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BUSINESS WEEK

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Argentina's competitive states. Britain's plans, still formative, for building up a war food reserve are bound to benefit the Argentine.

Lancashire's textile recovery has the same cause. There is still no trace of any government orders for war material having been placed outside Britain, except for machine tools and the like which are regularly purchased in Canada and the United States.

The best test, perhaps, of the reality of the fear is that, whereas a few months ago conscription was regarded with horror and politicians were tumbling over themselves making pledges against it, some form of compulsory service is now almost taken for granted.

Housing Boom on Way

Just as Britain's housing boom seems to be flattening out, plans are announced for new building projects with municipal support. Socialist leader of the London County Council is Herbert Morrison, who recently returned from America saying that the United States is years behind Britain in housing. He is now about to launch the greatest rehousing scheme in British history. The Council will spend nearly \$9,000,000 of taxpayers' money to rehouse 4,700 people.

Rural England is also spending money on working-class improvements. The Norfolk Education Committee plans to spend \$2,500,000 on new schools. There are 458 schools involved, affecting 40,598 children.

These are symptoms of the way in which local taxation tends to spread, affecting costs, impairing Britain's competitive power—but keeping the nation happy with the idea of building an Al race out of a C3 population.

In part to encourage foreign visitors for the coronation next May and in part to line up with a trend on the Continent, Britain has come to terms with the United States for the reducing of visa fees from \$10 to \$2. The new rate will be come effective in April.

Soviet Union

Moscow boasts domestic food supplies adequate to feed country during a war. Iran buys first export locomotives.

Moscow (Cable)—To bolster their own courage in the face of war threats and to warn enemies that the Soviet Union is now completely organized to feed itself through a long campaign, Kremlin officials this week issued reassuring statements on the country's production record for the crop year.

In spite of one of the worst droughts in years, the Russians—with the aid of an increasing region artificially watered and the benefit of deeper plowing—

gathered as large crops of grain, beets (for sugar), potatoes, vegetables, and fruit as last year, and larger cotton and flax crops.

Gold production is mounting rapidly, but specific output figures have not been released. Ambition of the Kremlin is to catch up with, and surpass, the Rand as soon as possible. Soviet production last year amounted to 6,000,000 ounces, in comparison with a total in the Rand of more than 10,000,000. Every gold mining area in Russia is producing larg-



GIFT TO THE CITY—The Bank of England, undergoing extensive remodeling and expansion of its building, takes time out to make a gift to the city. In a ceremonial opening, the Lord Mayor accepts the use of new pedestrian facilities, between Princes St. and Lothbury through the bank's Tivoli corner.

er quantities this year, some of them having increased their output four times. Mechanical equipment is improving in both quality and quantity. The amount of gold produced this year in the newly opened Kolyma and north-eastern Yakutia alone is said to exceed production totals in the whole of Alaska in any of its boom years.

Synthetic rubber production is growing so rapidly that the Soviets claim that by next year they will be free of the need of imports. One-half of the country's rubber needs this year were supplied by the synthetic product, in contrast with a bare 7% in 1933.

Russia is about to export its first lot of locomotives and freight cars. It is a small order going to Iran (Persia), but Germany is fighting for this Near East market.

Russia's trade with this part of the world is, as a matter of fact, increasing steadily. The trade turnover with Iran, Afghanistan, and Turkey last year approximated \$52,000,000.

Canada

Dominion will have first transcontinental air service next July. Parliament will grant trade concessions to Britain.

OTTAWA—The Canadian parliament is to meet on Jan. 14 for a 3½ months' session. It must be over by the end of April to allow Prime Minister Mackenzie King and cabinet colleagues to attend the King's coronation and the Imperial Conference to follow in London.

National defense plans, trade treaties, revision of the Empire trade pacts, transportation questions will be the principal items for discussion.

Defense measures will be national, not imperial. Money will be voted for coastal defenses, extension of the military aviation service, mechanization of basic army units, increased territorial training. Preparedness for rapid conversion of civilian industry for munitions production will be considered. The government attitude will be that only the defense of home shores is involved; others will urge contribution to Empire defense.

Trade treaties with Germany, Russia, and perhaps other countries will be submitted for ratification. Mainly they will exchange most-favored-nation treatment. The Bennett Conservative opposition party will demand preservation of advantages gained in the 1932 Empire pacts but the ministry will go to London prepared to make substantial concessions to Great Britain.

Profits Under Fire

Revision of the Canada-Great Britain pact probably will benefit the British textile trade, especially in view of conditions and practices in the Dominion industry which were revealed in the recent commission survey. Canadian textile companies are accused of making excessive profits under existing tariffs.

July 1 is set for the inauguration of Canada's transcontinental air service for passengers, mail, and express. The government will supply the landing fields, nearly completed now at a cost of \$8,000,000. Operation of the service probably will be turned over to strong commercial interests, the railways cooperating. Canadian-made planes, and Canadian personnel will be used. There will be a daily service between Montreal and Vancouver, with feeding services to industrial centers in Ontario and mining regions in the north.

Total Canadian trade for the last 12 months amounted to \$1,500,000,000, which is double the figure for 1933. Mineral production will exceed last year's all-time high of \$312,000,000. This year's newsprint production will set a new record. Manufacturing is up about 10%. Railway gross revenues have improved from 6% to 8%.

Money and the Markets

Now that Dec. 15 financing is as good as out of the way, warnings and regulations are due. Stocks are high enough to make buying more selective.

The New Deal comes up to the last financing of its first term in an enviable position—government bonds are selling at the highest prices of all time and the Treasury believes that it needs only a little new money. So Sec. Morgenthau on Monday, Dec. 7, will announce an offering of \$1,500,000,000 which includes \$1,187,000,000 of refunding and a little over \$300,000,000 of new money.

The market is groomed and ready. Banks have reduced their holdings of government bonds to be in position to buy the new issues which generally carry the "sweetener" of slightly better than open-market yields.

Holdings Cut, Prices Firm

Holdings of governments by reporting Federal Reserve member banks in 101 leading cities dipped \$72,000,000 in the week ended Nov. 25 and have declined \$199,000,000 since Sept. 23. That these operations haven't weakened the market, however, may be seen from the following prices of representative issues:

Issue	Maturity	Nov. 30	Sept. 4
Treasury 4 1/2s	1947-52	121.6	119.9
Treasury 4s	1944-54	116.7	114.11
Treasury 3 1/2s	1946-49	108.30	107.8
Treasury 3 1/2s	1941	109.19	109.8
Treasury 3s	1946-48	108.3	106.5
Treasury 2 1/2s	1945-47	106.18	104.17
Treasury 2 1/2s	1948-51	104.18	102.31

(Figures after decimals are 32nds of a dollar.)

Banks' avidity for the new securities is demonstrated, too, by the fact that the notes issues to be called are selling at prices which wipe out the inter-

est yield entirely. The \$358,000,000 of notes due Dec. 15 and the \$429,000,000 due Feb. 15 are quoted at a bid price of 101 9/32. This premium of 1 9/32 points is more than the income to maturity, resulting in a "nega-

BANKING'S EARLY BIRD

As is its quaint custom, the Bank of the Manhattan Co., New York's original water supply company, held its annual meeting before the end of the banking year. That was this week. Other banks, over-the-counter brokers, investors looked on with supercharged interest. The report would be a clew to what the other banks would report six weeks later. J. Stewart Baker, chairman, said results were encouraging. Based on the first nine months, 1936 earnings are expected to amount to \$4,000,000, about \$1,000,000 in excess of dividend requirements, about \$250,000 above last year.

...tive yield." This means simply that the banks have snapped up the notes in order to secure "rights" on the forthcoming issues, so that as holders of called bonds they could turn them in, share for share, for new ones.

Aside from these \$787,000,000 of

notes, the Treasury will refund the Dec. 17 bill maturity of \$400,000,000. That cleans up all the maturities to the end of next March excepting for bill issues, and these latter are expected to be taken care of through further issues of the same type of security.

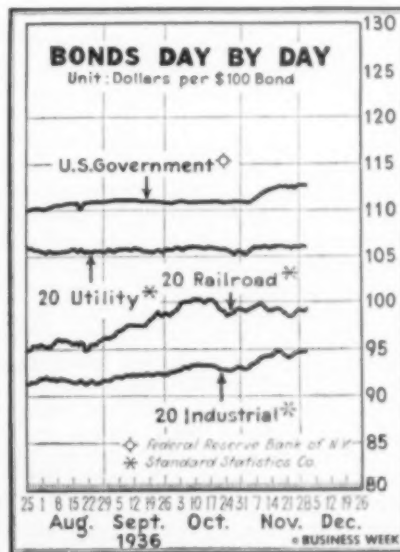
And, by anticipating all important financing for the early months of 1937, the Treasury has cleared the decks for the Federal Reserve authorities to take whatever action they see fit on the troublesome subject of excess reserves. That is of major importance, for the Federal Reserve governors would hardly want to be forced to raise reserve requirements or to be involved in sale of bonds in the open market at a time when the Treasury had to sell new bonds or notes.

More Cash Needed

This all dovetails neatly into the broad scheme of controlling credit to prevent a speculative or inflationary boom, yet to keep interest rates low enough so that the Treasury can borrow economically. For Sec. Morgenthau must continue borrowing to meet government running expenses.

This was indicated when Sec. Morgenthau revealed that the Dec. 15 financing would include \$300,000,000 of new money. It was further emphasized when he said that \$300,000,000 would be borrowed through bill issues, over and above the bills sold to retire others falling due from time to time.

The Treasury had not, for some time, sold bills to secure new money prior to the marketing of a \$50,000,000 block this week. The total effect of current operations is to add \$600,000,000 to the Treasury's till cash. The reason for this addition is clear. The Treasury has allowed its working balance to dip to about \$950,000,000 (from a high of \$3,096,948,815 last



June 17 and an average of about \$2,000,000,000 through April, May, June, and July).

Thus the Treasury will come up to the year-end with about \$1,500,000,000 on hand to meet running expenses. It will have borrowed in new money a little more than the President's Sept. 2 budget estimate of \$750,000,000 for the fiscal year ending June 30, next. The reason expenditures have necessitated borrowing beyond the President's estimate (and may necessitate some more borrowing) is that drought relief upset the apple cart, Mr. Morgenthau explains. Such unanticipated payments may run to \$500,000,000 before it is all over, the Treasury chief indicates.

Await Tax Law Effects

The next interesting date which the fiscal experts will approach in their juggling of astronomical figures will be Mar. 15. Then the first quarterly instalments will come in under the new tax law—corporations' direct payments plus the presumably swollen imposts which will have to be met by their stockholders whose personal incomes were augmented by tax-forced dividends.

By the time the boys in Washington have counted up the Mar. 15 tax receipts, the securities market outlook will have been clarified not a little. Success of the 1936 tax law will tell the whole story of whether or not the budget can be balanced in the near future. And balance or unbalance for the budget will determine whether people are going to plunge into stocks and commodities as an inflation hedge or follow more orthodox investment precepts.

Many Warnings Coming

No amount of credit control in the meantime can tighten the screws sufficiently to guarantee positively against an inflationary splurge. There is now a growing feeling that recovery will continue to slash the relief burden and that the new taxes can balance the budget at some date not too far removed. But, if such proves not to be the case, there is a minor boom now on in commodities which shows just how easily the flood-gates could be burst.

Between now and Mar. 15 the stock markets seem to be in for an almost unending stream of admonitions and a few positive actions which may take the edge off speculative ardor. Traders have heard the Securities and Exchange Commission declare that broker-dealer functions are to be segregated, and they see less liquid markets as a result. They have heard the President warn that "hot money" from abroad endangers our markets. They have heard SEC Chairman Landis and Federal Reserve Board Chairman Eccles assert that stock speculation isn't eating up too much credit, but that the situation will



THEIRS TO DISPOSE—Choosing a successor to the late O. P. Van Sweringen fell to the lot of millionaires George R. Ball (right), the fruit jar man, and George A. Tomlinson, Great Lakes shipper, this week. They were "Van's" backers.

bear watching. And they have heard RFC's Jesse Jones twice say that stock prices seem still to be sound but that we can't be too careful.

These little hints from Washington all are straws in the wind. The market could take a tip and play dead. But that isn't the way things usually work out, even though prices have done little enough the last few days. It isn't hard to remember back to 1928 and 1929 when the Federal Reserve was warning about speculative excesses. Nor is it difficult to recall how soon Wall Street decided that the banking authorities were squeamish old women, how traders declared that credit stringency was artificial, how they derided 17% call money and rode on to the fall.

Followers of the stock market now are even less susceptible to warnings. The price structure is not built on the use of credit, but rather on the knowledge that it is available at cheap rates. A real year of recovery has bolstered stock buyers' conviction that the rise is on a sound footing. The old year promises to pass out on the strongest note of the rebound from depression. And few see anything but further gains in the months ahead.

Weigh New Credit Controls

Nevertheless, a few positive credit control steps in Washington might not go unheeded. Higher reserve requirements or open market operations to slash the accumulated surplus of bank credit, would be one. The proposed new margin requirements for floor traders might be another. Balancing the federal budget could be still another, for that would end the inflation

talk; but it would have the reverse effect of stabilizing business, of increasing earnings, and thereby of boosting stock prices.

Meanwhile, stocks are high enough to invite great selectivity on the part of buyers. That tendency has been becoming increasingly evident in the last ten days. Merchandising shares and the amusement stocks were leaders for some time, on prospects of a brilliant Christmas season. That season is now shaping up with all the vigor expected, and these shares have held their gains well despite general profit-taking.

"Inflation Stocks" Rise

The so-called inflation stocks—shares representing real estate and commodity investments—also have attracted a following. Latest to join in this parade have been the hide and leather issues. These latter, however, have been aided by a rise in the long dormant hide market quite aside from inflation fears.

Most of these hide and leather shares are still almost in the "penny" class, with some preferred stocks available in the 30's. These preferreds have attracted no little attention with an unusual situation in American Hide & Leather adding to festivities. This company plans a new issue of 500,000 common shares. It would then gradually buy preferred in the market as opportunity presents and sell common to pay for it. Sharpshooters saw a chance to pick up preferred that the company wanted and the price spurted 2½ points on Monday on larger trading volume than in the past full week.

Demand for Penny Issues

Also it is clear that somebody is combing the list for stocks that are still selling for \$1 and \$2 (and it's usually the sucker public that does that). Exceptional activity has appeared in several issues in this category and prices have risen without much resistance. Whether they have discovered "sleepers" is open to question, but more than 77,000 shares of Mother Lode (about \$2) were traded one day.

Of a more substantial character seems to be the interest in heavy industry stocks, although many traders are convinced that their prices discount the future pretty far in advance. Current steel operations, back up to the year's high, are a case in point even though the spurt may reflect buying before the price rise just posted on steel products.

The railroads are lending real impetus to this pickup in heavy industry for the first time in years. Latest big item was Atchison, Topeka & Santa Fe's order for 116,916 tons of rails. That brought rail orders for the past three months to 610,000 tons against 213,000 in the like 1935 period. Added to the rail orders is the

most locomotive buying since 1930. Atchison's buying splurge included locomotives worth \$3,985,000. This followed by a few days New York Central's order for 100 steam engines, a deal (\$8,600,000) since 1929. And the New York Central also supplied one of the week's newsy items when it paid off the last of its RFC debt. This totaled \$16,858,950 including \$6,969,000 of notes bought by the RFC from Public Works Administration. Central thus was the 25th road to bail itself out of RFC, cutting the agency's advances to the carriers from \$17,000,000 to \$412,000,000.

Clarke Blocks Way

Suing and sued, he prevents Utilities Power & Light from simplifying its finances.

Harvey L. Clarke may be out of but he's not through with Utilities Power & Light Corp. The erstwhile utility and union picture magnate is piling lawsuit—stop lawsuit—and the company is retaliating in kind.

In October, Mr. Clarke sued Floyd Odlum, president of Atlas Corp. He attempted to get a court order extending his option to repurchase debentures and stock in the \$400,000,000 enterprise. Then, Mr. Clarke resigned as U. P. & L. president.

Atlas denied all allegations, and firmly decided to let the courts and nature take their course. Last week Clarke reared up again, presenting a petition in the federal court in Chicago demanding that Utilities Power & Light be reorganized to protect its security holders, of which Clarke is one.

Charge and Counter-Charge

Thereupon, this week directors of U. P. & L. filed suit against Clarke, alleging misuse of funds approaching \$3,000,000. Clarke answers that the action is just an Odlum smokescreen. Mr. Odlum sits back and suavely observes that "Harvey L. Clarke's statement as far as it refers to me or by implication to Atlas Corp. is ridiculous. Everything else in Mr. Clarke's statement in regard to his personal transactions or his championship of the interests of the stockholders will presumably come before the courts in due course for adjudication."

Meanwhile, Utilities Power & Light appears to be firmly ensconced under Atlas control, although that investment trust is not represented on the board of directors. Atlas owns a gob of debentures and stock, which since Clarke's option expired (BW—Oct 24 '36, p51) has no strings attached to it. The nub of the Clarke case is that Atlas negotiated the sale of U. P. & L.'s British

properties (BW—Aug 8 '36, p14) to the detriment of the utility.

Atlas smiles that off, pointing out that Clarke, as president, signed the power of attorney authorizing Odlum to consummate the deal. But neither Atlas nor Utilities Power & Light can smile off the lawsuits, which tend to hold up the simplification of the utility company's financial status. When the British properties were sold, the company contemplated using the \$25,000,000 obtained therefrom to retire outstanding debentures. That important fiscal matter is still in abeyance.

Central Banks—Major European nations, relieved of immediate currency worries by devaluation and international cooperation, have settled back into the ways of easy money. Central banks are relieved of discount rate jiggling to protect guilders, francs, or what have you.

And Switzerland, perhaps the nation most isolated against shock in all the world, on Nov. 25 cut its discount rate from 2% to 1½%. That's the lowest figure quoted by a European central bank and directly reflects recent gains in the gold reserve—revaluation, repatriation, and dehoarding. Without allowing for the fact that Swiss francs have been cut from a value of 32.67¢ to 23¢, the Alp-bound republic's pool of the yellow metal is up to about 2,500,-

000,000 francs against the all-time high of 2,600,000,000 in 1932. The low (in 32.67¢ francs) was more than 1,000,000,000 francs under the present figure and it is estimated that about half the gain represents revaluation's markup.

When the Swiss National Bank cut its discount rate under France's 2% and Holland's 2½%, it meant: "Enough gold has come back; we discourage a further influx from other nations." To emphasize those sentiments, Switzerland has decided that it will not buy all the gold offered to its central bank. Purchases are a matter for individual negotiation and some metal is reported moving to London and New York markets.

Switzerland never was as active in discount rate juggling as France and Holland. The rate was 2½% a year ago and was cut to 2% in September and to 1½% last month. Meanwhile, France has changed the rate 15 times (between 2% and 6%) and Holland 10 (between 2½% and 4½%).

Bonus Resumption—In November, 1932, directors of New York's Corn Exchange Bank Trust Co. held a meeting, and left the boardroom smiling at a time when smiles were rare. Business was bad, stocks were fishing for new lows. But the directors had just authorized a Christmas bonus.

Last week directors met again. And



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again, after the meeting, they smiled. They authorized, after a four year lapse, another bonus. On Dec. 15, all officers and employees, except directors, will receive two weeks' extra pay. Other banks are likely to follow, though the policy is not likely to be entirely general. Bank earnings are not what they used to be when commercial funds were in demand and call money could be lent at more than a nominal rate.

Brokers also are perky. Hirsch, Lilienthal & Co., members of the New York Stock Exchange, this week upped salaries 10% and have voted two weeks' bonus. Although brokers are worried about the Securities and Exchange Commission and segregation, the volume of trading has been peppy over the last several weeks. With commissions rolling in, generous impulses that are part and parcel of Christmas are hard to resist.

Canada's Trade—Washington figures again have been seized upon to prove that farmers in the United States are getting the worst of the deal in this reciprocal trade business. And, on the statistics by themselves, this is clear enough. For United States imports of farm products from Canada in the first nine months of 1936 rose over \$22,000,000, to \$66,320,000. Meanwhile, our farm exports to Canada rose only \$6,000,000, to \$36,000,000.

There is one basic fallacy in that argument. It overlooks the very nub of the trade pact idea. The treaty arrangers' thesis is that the United States must buy more than it sells in one line in order to sell more than it buys in some other. In the case of Canada, the Department of State arranged that we should take more agri-

cultural produce (also lumber) to export to the Dominion so that we could sell more manufactured goods than we import in return.

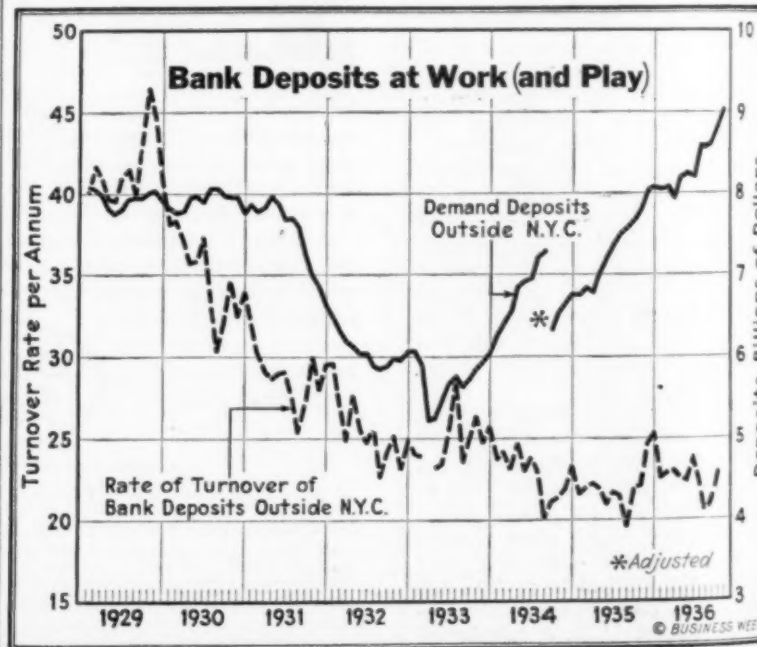
In addition, more than \$15,000,000 of Canada's gain in farm exports to the United States was in items not covered by the treaty. In other words, better than two-thirds of the increase was in items that climbed over the tariff wall without treaty or quota assistance.

Wheat and War—Around the marketplaces where wheat is traded, habitués have their own more-or-less-private barometer of the imminence of armed conflicts—the price of the bread grain. For the feeling is that any nation, fearing that it soon might be drawn into war, would be a big buyer wherever wheat is available for export in the time of relative world scarcity.

So the recent rise has attracted more than a little interest. It won't be long until Canada is sold out; the Dominion to Nov. 20 had exported 83,855,899 bu. from this year's short crop against 61,626,100 bu. in the like 1935 period. That shows how little disposed Europe has been to wait for the southern hemisphere's crop which will start to market in a few weeks.

This war aspect of an already very firm market was emphasized last week when Britain's food-defense plan quickened the bull crowd. Prices went up to 3 1/2-year highs in Chicago last week and the December delivery gained above \$1.20 a bu. early this week.

Whether these brisk markets should be attributed to war scares or the tight world situation, or both, is of little consequence when demand is sufficient to absorb large profit-taking with a minimum of unsettlement.



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Editorially Speaking—

DESPITE the pleas of Alberta business, Premier Aberhart seems to have taken his motto, "Don't give up the scrip!"

THE LATEST victim of alphabetophobia is the Social Security Board, which has notified its staff that "the use of S.S.B. or S.S.A. by employees of the board in reference to the Social Security Board or the Social Security Act should not be permitted under any circumstances whatever."

Previously it seemed that only the opponents of the New Deal were afraid of the New Deal alphabet. One of our Washington correspondents remarked a few weeks ago that "if they keep on alphabetizing everything, they'll soon be using initials to designate the White House and the Senate Office Building."

SPAIN makes the supremely silly charge that Mussolini has turned some of his warships over to the Spanish rebels. That would be a violation of an Italian promise to several countries, including the United States. The Washington Naval Treaty provides that no signatory shall sell, give, or otherwise transfer any part of its navy for further military use. Would Spain actually hint that Mussolini is a treaty-breaker?

IN the middle of the 18th century the Duke of Norfolk was the premier duke of England, and Jedediah Strutt was a young farmer in Derbyshire. Strutt got interested in the problem of producing ribbed goods on the stocking frame, and in 1758, when he was 32 years old, he patented Strutt's Derby ribbing machine. It was the start of a great industrial success. In later life he revolutionized the manufacture of calico by discovering that it could be made entirely from cotton. He died in 1797, still Jedediah Strutt. And the Duke of Norfolk was the premier duke of England.

ONE of Jedediah Strutt's mills was at Belper. In 1856 his grandson was created Baron Belper of Belper, and in 1936 Jedediah Strutt's great-great-granddaughter, the Hon. Lavinia Strutt, daughter of the third Baron Belper, becomes engaged to Bernard Marmaduke Fitzalan Howard, Earl of Arundel, Baron Maltravers, Earl of Surrey, Baron Fitzalan, Clun, and Oswaldestre, Earl of Norfolk, Duke of Norfolk, earl marshal and hereditary marshal and chief butler of England, premier duke and premier earl, owner of about 49,900 acres, and descendant of a long list of men who, from the 12th century to the 17th, climbed to power on the battlefield and in political strategy, fighting in foreign and civil wars, winning titles

and possessions, losing them, winning them again, and handing them on to heirs more peaceful and decorous.

THE Howards had had their day by the middle of the 18th century, when Jedediah Strutt was just starting his own parade to fame and fortune. Feudalism was gone, the power of the ancient, military nobility was declining, and the industrial revolution was carrying England to world primacy. Jedediah Strutt was the industrial revolution, in the flesh. Now his descendants are where the Howards were two centuries ago. And other countries, some of them unknown to England in Jedediah Strutt's day, have caught up with England's industrial revolution and are turning out goods that undersell England's. And world primacy? Let's wait and see.

EVEN if you've got a steady job in a non-exempt industry, you don't necessarily have to chip into the Social Security kitty. George Washington Hill must do it, and so must Walter C. Teagle and Eugene G. Grace and Frederick S. Tisdale and Walter S. Gifford, but Henry Ford doesn't have to, nor do Henry L. Doherty, Charles M. Schwab, and Thomas H. McInnerney. For the reason, consult SS5, the blank for employees.

"OSCAR of the Waldorf's Son Marries Mrs. Deyo." And doubtless the Waldorf's son is delighted at his Oscar's marriage.

THE trouble with the Nobel committee is that it's independent of politics. It awards its prizes entirely on merit. If it were controlled by the Norwegian government it would have handed the peace prize, for example, to a couple of stuffed shirts, and then who could have objected? But instead the committee awards the prize to Carlos Saavedra Lamas and Carl von Ossietzky, two patriots who have tried to help their countries and the world by doing genuine work for peace. Naturally the militarist governments are enraged, the Norwegian government is denounced and threatened, and the poor, helpless cause of peace takes it on the chin again.

THE Intensely Blonde Gentleman on the 28th Floor has a father-in-law in Bolivia, and the father-in-law recently decided that his 14-year-old son needed schooling at home. So he sent the boy to Valparaiso and thence by boat to New York, a two-week trip. The boy was met at the pier by his sister and brother-in-law, and he reported: "It was swell on the boat! I haven't had a bath since I left Valparaiso!"

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DECEMBER 5, 1936

A Job That Must Be Mastered

To get a clear understanding of the general public relations job that business must do in the next few years, it will be helpful if we examine a local situation where the difficulties confronting business are exceptionally tangled and exasperating. Probably no better example could be picked than the anthracite bootlegging in eastern Pennsylvania.

The plain story of what is happening there is about as wild and fantastic as could be imagined. Fifteen thousand men and boys have sunk shafts into land that does not belong to them and are taking out the coal. Five thousand more are trucking it away. The total amount taken out this year may be 5,000,000 tons, or one-tenth of the whole output of the lawful mines. This coal is sold in several Eastern states at prices that legitimate retailers cannot meet.

Here is lawlessness on a vast scale, and at first glance it might appear that there is only one thing to do. Stop it. Stop the digging. Drive the thieving miners away. If they resist, arrest them. Smash the whole lawless enterprise.

But those whose duty it is to do this refuse to do it. The local officials refuse to arrest. The grand juries refuse to indict. And in this they are supported not only by the bootleg miners and truckers, but by the general public of the region. Whole communities live on the bootleg industry. Local business men condone it. Newspapers defend it.

Fundamentally, there have been situations of the same kind before, when entire communities lived on and defended piracy. In such a case it is useless to expect a remedy from the local authorities. An appeal must be made to authority farther away, to the man whose duty it is to enforce the law when local enforcement fails.

But that man, Gov. Earle, refuses to do his duty. He is the political ally of the bootleg miners. This alliance has served him well. It helped him and his political associates to sweep Pennsylvania into the Democratic column at the last election. There is not the slightest political reason why Gov. Earle should suppress coal bootlegging. He won't do it, and that is all there is to it.

So what is to be done? It has been suggested that the coal companies

most seriously affected should reopen two or three mines and employ all the bootleggers having miners' certificates—about 3,000 men. These would then cooperate in suppressing the entire lawless production. But the companies declare it would take at least a year to pump the water out of the closed mines and get them ready for the miners, and the cost would be \$1,500,000 for each mine. They refuse to accept all this burden themselves. They want to shift part of it to companies that have not been deeply hurt by the bootleg production. These companies refuse.

It is easy enough to say they should all compromise, but company officials have no right to pay out stockholders' money unless they can pretty clearly see a return for it. And yet unless they compromise, there will probably be a continuance of coal bootlegging for several years. Despite all difficulties, the companies must win public sentiment to their side. Similarly, American business as a whole must reconcile the demands of logic with those of public sentiment. Patiently, carefully, making such sacrifices as are necessary, business must master the difficult problems of public relations that now confront it.

To Check the Swings Of the Stock Market

When President Roosevelt returns from South America, Treasury officials will probably talk to him about proposals for modifying the capital gains tax. As the tax stands at present, it accentuates the ups and downs of the stock market. The President wants to prevent another 1929 boom, and the Federal Reserve Board has been taking important preventive action. But its efforts will largely be wasted unless the capital gains tax is whittled down.

Right now a man who has made a

profit in the market is reluctant to cash it in, because if he has held the security less than a year he must pay the same tax on his profit as if it were ordinary income, and if he has held it longer he must pay at a slowly descending rate. A rich man's income tax may be 50% or more, and naturally he winces at the thought of paying so high a rate on a profit. Therefore he holds on and helps to keep the market unhealthily high. This is bad for the country, and there ought to be an early change in the tax law that causes it.

More Labor Discord After the Convention

The American Federation of Labor has held its convention without fundamentally changing the conflict in the labor movement. For the present, the members of John L. Lewis' Committee for Industrial Organization are still suspended. After a few more moves, they will probably split entirely from the A.F.L. and form a new federation. But they are unlikely to do that very soon. There will be a further period of struggle before the break is made complete.

The principal craft unions are trying to pull one or two industrial unions out of the C.I.O. and thus cause its collapse. But to induce such desertions they would have to raise their price; at the very least they would have to offer the C.I.O. a free hand in organizing the steel workers into an industrial union. And this they are unwilling to do. The probability, therefore, is that the C.I.O. will remain intact.

Some of the suspended unions have not been paying their dues to the A.F.L., and the others are likely to follow their example. This dues strike may be joined by some of the federal unions (locals directly affiliated with the A.F.L.). As a result, the financial condition of the A.F.L. will be seriously weakened, unless the strong craft unions increase their payments to its treasury. Money rivalry, plus the continued efforts of the C.I.O. to organize the mass industries, will cause fresh quarrels, which will probably culminate in a complete split and the organization of a new federation.

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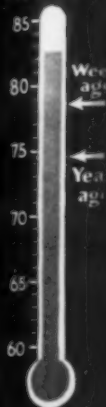
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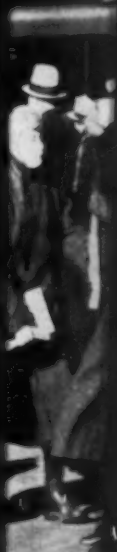
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